



**CORRECT CAPITAL**

Wealth Management

*Trust Matters.*

**FORM ADV PART 2A – FIRM BROCHURE**

**FEBRUARY 25, 2021**

**CORRECT CAPITAL WEALTH MANAGEMENT, LLC.**

**130 SOUTH BEMISTON AVENUE, SUITE 602**

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This brochure provides information about the qualifications and business practices of Correct Capital Wealth Management, LLC. ("Correct Capital"). If you have any questions about the contents of this brochure, please contact us at 971-371-3450. 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. Correct Capital is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Correct Capital is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a IARD number. The IARD number for Correct Capital is 298774.

## ITEM 2 – MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Our last annual update was dated March 9, 2020. The following material changes have been made.

Effective February 25, 2021, our John Biedenstein is named Chief Compliance Officer.

Item 4 - Advisory Services. Retirement Plan Consulting Services was added. The firm acts as a 3(21) and 3(38) to plan sponsors. The firm also added general Consulting Services provide clients investment advice on a more-limited basis on one-or-more isolated areas of concern. Our Firm offers a Wrap Fee Program.

Item 5 - Fees and Compensation. Our fee billing is now calculated based on the average daily balance of the account(s) during the previous quarter. Previously we billed on the market value of the assets being managed by the Firm on the last day of the previous billing period. The fees for our Retirement Plan Consulting Services was added. Fees for Consulting Services was added.

Item 7 - Types of Clients. Our Firm maintains a \$500,000 minimum in aggregate investable assets. In certain instances, at the discretion of our Firm, this minimum may be waived.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss. This section was updated to expand our strategies. The Risk of Loss section was also expanded to reflect our investments and the risk more accurately.

Item 10 – Other Financial Industry Activities and Affiliations. We added our affiliation with Purshe Kaplin and Sterling Inc. a registered broker dealer and a disclosure that some of our Supervised person are licensed insurance agents.

Item 12 – Brokerage Practices. Our Firm added Charles Schwab as one of our recommended Custodians. We removed the language that we allow clients to direct Correct Capital to use a particular Financial Institution. We have no such relationships, nor do we anticipate such relationships.

Item 15 – Custody. Our Firm is deemed to have custody of clients’ funds or securities when clients have standing authorizations with their custodian to move money from a client’s account to a third-party (“SLOA”) and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest in any of the accounts we are deemed to have custody where SLOAs are on file.

Item 17 – Voting Client Securities. We no longer vote proxies on behalf of our clients.

Item 18 - Financial Information. Item 18 was updated to reflect receipt of Paycheck Protection Plan Loan through the SBA in conjunction with the relief afforded from the CARES Act.

Currently, a free copy of our Brochure may be requested by contacting John Biedenstein at 314-930-4015, or [john@correctcap.com](mailto:john@correctcap.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by Correct Capital Wealth Management, LLC (“Correct Capital” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

We are an investment management firm located in Clayton, Missouri. We specialize in investment advisory services for individuals, high net worth individuals, corporations and other businesses, pension and profit-sharing plans, trusts, estates and charitable organizations. Our Firm was founded in 2018 as a registered investment adviser and is owned by Brian I. Pultman.

We are committed to helping clients build, manage, and preserve their wealth, and provide clarity and direction to help clients achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and Correct Capital execute a signed Investment Management Agreement.

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### INVESTMENT AND WEALTH MANAGEMENT AND SUPERVISION SERVICES

We manage advisory accounts on a discretionary and non-discretionary basis. Financial Planning is inclusive with our wealth management. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day to day transactions without seeking prior client consent. Account supervision is guided by the written profile and investment plan of the client. We may accept accounts with certain restrictions if circumstances warrant. We primarily allocate client assets among various equities such as preferred stocks, common stocks, Exchanged Traded Funds (“ETFs”), CDs, no-load or load-waived mutual funds, and fixed income positions in accordance with their stated investment objectives.

During discussions with clients, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan.

It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals or changes in their personal financial condition.

Once we have determined the types of investments to be included in your portfolio and allocated them, we will provide ongoing investment review and management services. This approach requires us to review your portfolio periodically.

We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from you.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to manage and/or advise on certain investment products that are not maintained at their primary custodian,

such as variable life insurance, annuity contracts, 529 Plans and assets held in employer-sponsored retirement plans. In these situations, Correct Capital directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain capital market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

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## **RETIREMENT PLAN CONSULTING SERVICES**

Retirement Plan Consulting Services includes providing participant enrollment meetings and assisting with participant education. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts and organizations.

When serving as an ERISA 3(21) investment advisor, the Plan Sponsor, and Our Firm share fiduciary responsibility. The Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Plan Sponsor Investment Management Agreement between our Firm and the Plan Sponsor. Under the 3(21) agreement, Our Firm provides the following services to the Plan Sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.
- Provide a quarterly monitoring report.
- Assist the plan sponsor in developing an Investment Policy Statement ("IPS").
- Recommend QDIA alternatives.
- Recommend non-discretionary model portfolios.

We can also be engaged to provide Plan Consulting Services. Plan Consulting Services include financial education to Plan participants, participant seminars, benchmarking the Plan services, education to fiduciary committee members, and monitoring the service provider. The scope of education provided to participants will not constitute "investment advice" within the meaning of ERISA, and participant education will relate to general principles for investing and information about the investment options currently in the Plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants.

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## **THIRD PARTY MONEY MANAGERS**

Our Firm may determine that engaging the expertise of an independent third-party money manager ("TPMM") is best suited for the client's account. If deemed appropriate for the client, our Firm will recommend utilizing an independent TPMM to aid in the implementation of investment strategies for the client's portfolio. In certain circumstances, we may allocate a portion of a portfolio to the TPMM for separate account management based upon the client's individual circumstances and objectives, including, but not limited to, your account size and tax circumstances. Upon the recognition of such situations, in coordination with the client, the client will engage directly with the TPMM for the management of those assets. These TPMMs shall assist our Firm in managing the day - to - day investment operations of the various allocations, shall determine the composition of the investments comprising the allocation, shall determine what securities and other assets of the allocation will be acquired, held, disposed of or loaned

in conformity with the written investment objectives, policies, and restrictions and other statements of each client comprising the allocation, or as instructed by our Firm.

TPMMs selected for your investments need to meet several quantitative and qualitative criteria established by us. Among the criteria that may be considered are the TPMM's experience, assets under management, performance record, client retention, the level of client services provided, investment style, buy and sell disciplines, capitalization level, and the general investment process.

The client is advised and should understand that:

- A TPMM's past performance is no guarantee of future results;
- There is a certain market and/or interest rate risk which may adversely affect any TPMM's objectives and strategies, and could cause a loss in a client's account(s); and
- Client risk parameters or comparative index selections provided to our Firm are guidelines only, and there is no guarantee that they will be met or not be exceeded.

TPMMs take discretionary authority to determine the securities to be purchased and sold for the client. Our Firm will work with the TPMM to communicate any trading restrictions or standing instructions to refrain from a particular industry requested by the client. In all cases, trading restrictions will depend on the TPMM and their ability to accommodate such restrictions.

We review the performance of our TPMMs on a periodic basis. More frequent reviews may be triggered by changes in the TPMM's management, performance or geopolitical and macroeconomic specific events.

Our Firm only enters into only a select number of relationships with TPMMs.

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#### **ENVESTNET PRIVATE WEALTH MANAGEMENT**

We offer separately managed account services through Envestnet's Private Wealth Management program. For all Programs, we will compile pertinent financial and demographic information to develop an investment program that will meet your goals and objectives. Utilizing the Envestnet platform tools, your assets will be allocated among the different options in the Program and determine the suitability of the asset allocation and investment options, based on your needs and objectives, investment time horizon, risk tolerance and any other pertinent factors.

Envestnet provide an extensive range of investment advisory services through their platform. We will primarily be utilizing the Unified Management Account ("UMA") program. For those clients selecting the UMA program, you are offered access to an actively managed investment portfolio chosen from a roster of independent asset managers from a variety of disciplines. Unlike a mutual fund, where the funds are commingled, a separately managed account is a portfolio of individually owned securities that can be tailored to fit your investing preferences.

Envestnet will assist Correct Capital in identifying individual asset managers and investment vehicles that correspond to the proposed asset classes and styles Envestnet may independently identify asset managers Envestnet retain the independent asset managers for portfolio management services in connection with the UMA program through separate agreements entered into between Envestnet and these independent managers on terms and conditions that Envestnet deems appropriate.

Envestnet will additionally provide account billing and reporting for all CWM clients.

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## **CONSULTING SERVICES**

We also provide clients investment advice on a more-limited basis on one-or-more isolated areas of concern. Additionally, we provide advice on non-securities matters about the rendering of estate planning, insurance, real estate, and/or advice.

In these consultation engagements, you will be required to select your own investment managers, custodian and/or insurance companies for the implementation of consulting recommendations. If your needs include brokerage and/or other financial services, we will recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals. You must independently evaluate these firms before opening an account or transacting business, and you have the right to effect business through any firm you choose.

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## **WRAP FEE PROGRAM**

We also provide services on a wrap fee basis as part of a wrap fee program. Under our wrap program, you will receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. The terms and conditions of a wrap program engagement are more fully discussed in our Wrap Fee Program Brochure.

Our “wrap” fee may be more or less than the fees and commissions charged by other advisory firms, third-party managers, and brokerage firms if the services were acquired separately. The factors that bear upon the cost of services are the size of the account, type of transaction and whether trades are placed through a brokerage firm other than the custodian resulting in per trade commissions being charged.

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## **ASSETS**

As of December 31, 2020, we have \$633,509,894 in regulatory assets under management. We manage \$433,243,196 under discretionary management and \$200,266,698 under non-discretionary management.

## **ITEM 5 - FEES AND COMPENSATION**

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### **INVESTMENT MANAGEMENT FEES AND COMPENSATION**

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade entry, investment supervision, and other account maintenance activities. Our Custodians charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for details.

Our management fee generally varies between 50 and 150 basis points (0.50% - 1.50%). The specific advisory fees are set forth in your Investment Advisory Agreement with our Firm. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account, or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family-related accounts are charged a reduced fee for our services.

Fees are billed quarterly in advance based on the average daily balance of the account(s) during the previous quarter. Fees are assessed on all assets under management, including securities, cash, and money market balances. Margin account balances are not included in the fee billing. New accounts are billed at the end of the quarter in which assets are transferred based on the quarter end balance. If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee

payable with respect to such assets is adjusted to reflect the interim change in portfolio value. Other advisers may have higher or lower fees than Correct Capital. Dividends or trade date settlements may occur, and our third-party billing software may report a slight difference in account valuation at quarter end compared to what is reported on your Statement from the Custodian.

The independent and qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement to you at least a quarterly basis indicating all the amounts deducted from the account including our advisory fees. Client can elect to be directly billed as an alternative.

Either Correct Capital, or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination for the month in which the cancellation notice was given and the refunded.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of the client's death or disability, Correct Capital will continue the management of the account until we are notified of the client's death or disability and given alternative instructions by an authorized party. Mutual Funds and ETFs charge additional fees not included in Correct Capital's fee.

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#### **RETIREMENT PLAN CONSULTING SERVICES**

For Retirement Plan Advisory Services compensation, we charge an annual fee as negotiated with the client and as disclosed in the Employer Sponsored Retirement Plans Consulting Agreement ("Plan Consulting Agreement"). The compensation method is explained and agreed upon in advance before any services are rendered and detailed in the Agreement.

Plan advisory services begin with the effective date of the Plan Consulting Agreement, which is the date the client signs the Plan Consulting Agreement. For that calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. Our fee is billed in arrears and in advance on the last business day of the calendar month, as indicated in the Plan Consulting Agreement. For Plans where our fee is billed to the custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Plan Consulting Agreement.

Either party may terminate the Plan Consulting Agreement at any time upon immediate notice. The client is responsible to pay for services rendered until the termination of the agreement.

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#### **THIRD PARTY MONEY MANAGER ("TPMM") FEES AND SERVICES**

Fees and billing methods are outlined in each respective TPMM's Brochure and Advisory Contract. The client pays an on-going fee directly to the TPMM based upon a percentage of your assets under management with respect to each TPMM. You will receive disclosure of all fees by the TPMM, which include the terms of the compensation arrangement and a description of the compensation paid, at the time of signing an advisory agreement with the TPMM. The minimum account size will vary from TPMM to TPMM. All such minimums will be disclosed in the respective TPMM's Brochure. We may have the ability to negotiate such minimums for you. The fee to Correct Capital is typically an added fee to the fee you pay the TPMM. Details are discussed with you and are disclosed in the management agreements.



You may terminate your relationship in accordance with the respective TPMMs' disclosure documents. We may recommend you terminate the relationship with a TPMM. Factors involved in the termination of a TPMM may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the TPMM, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the TPMM on our list of approved TPMMs.

Account custodial services may be provided by several account custodians depending on the investment management program offered. Programs may have higher or lower fees than other programs available through Correct Capital or available elsewhere. Investment management programs may differ in the services provided, and method or type of management offered, and each may have different account minimums. Client reports will depend upon the management program selected. Please see the complete details in the program brochure and custodial account agreement for each program recommended and offered.

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#### **ENVESTNET ADVISORY FEES**

The fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Fees may be negotiated in rare instances. Fees will generally be automatically deducted from your managed account. In rare cases, our firm agrees to direct invoice.

There is a program fee (each, a "Program Fee") that will not exceed a combined rate of 1.5%. The level of the Program Fee will vary with the amount of assets under management and the particular investment styles and investment options chosen or recommended. Program Fees are calculated as an annual percentage of the assets under management based on the market value of the account at the end of each quarter. Unless otherwise agreed to by you, Program Fees are charged on a calendar quarter basis in advance and prorated to the end of the quarter upon inception of the account.

Since Envestnet bills clients individually, they deduct the Program Fees from your accounts and make the appropriate disbursements.

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#### **CONSULTING FEES**

We provide consulting services for clients who need advice on a limited scope of work. We will negotiate consulting fees with the client. The range of fees for Consulting Services may vary based on the extent and complexity of the consulting project. Fees will be billed as services are rendered. Either party may terminate the agreement. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you as described in the Agreement.

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#### **ADMINISTRATIVE SERVICES PROVIDED BY BLACK DIAMOND**

We have contracted with Black Diamond to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation, client relationship maintenance, performance evaluations, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Black Diamond will have access to client accounts, but does not serve as an investment advisor to our clients or bill the accounts. Correct Capital and Black Diamond are non-affiliated companies. Black Diamond charges our Firm an annual fee for each account administered by its software. Please note that the fee charged to the client will not increase due to the annual fee Correct Capital pays to Black Diamond.

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#### **ADDITIONAL FEES AND EXPENSES**

In addition to the advisory fees paid to our Firm, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively “Financial Institutions”). These additional charges will include securities transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund company or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Correct Capital’s brokerage practices are described at length in Item 12, below. Legacy assets that pay a trail will be received by supervised persons of Correct Capital. Further, our Firm does not share in any of these additional fees and expenses outlined above.

Correct Capital may include mutual funds and exchange-traded funds (“ETFs”) in our investment strategies. Correct Capital’s policy is to purchase institutional share classes of those mutual funds selected for the client’s portfolio. The institutional share class generally has among the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund, and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client’s account performance. Mutual fund expense ratios are in addition to the Correct Capital fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, Correct Capital may use them in the client’s portfolio, and/or convert the existing mutual fund position to the lower-cost share class. Clients who transfer mutual funds into their accounts with Correct Capital would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client’s transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

The mutual fund and exchange-traded fund companies that choose to participate in your custodian’s NTF fund program pay a fee to be included in the NTF program. The fees paid by these companies to participate in the program are ultimately borne by the owners of the mutual fund or exchange-traded fund including clients of our Firm. When we decide whether to choose a fund from your custodian’s NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees), nor engage side by side management.

## **ITEM 7 - TYPES OF CLIENTS**

Correct Capital offers investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Our Firm maintains a \$500,000 minimum in aggregate investable assets. In certain instances, at the discretion of our Firm, this minimum may be waived.

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

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Correct Capital Wealth Management analyzes securities we may use for Client's accounts based upon two methodologies:

- **Fundamental Analysis.** Defined as a method of evaluating a security that considers future, intrinsic value by reviewing related economic, financial and other factors. We consider as many data points as we can that might affect the security's value.
- **Technical Analysis.** Defined as an analysis discipline used for forecasting the direction of stock / market prices through the study of past market data, primarily price and volume. Many believe technical analysis is a key component of active portfolio management; we believe that the utilization of both fundamental and technical analysis provides Correct Capital Wealth Management with our best understanding of our conclusions and assumptions.

In concert with our analysis methodology, we utilize several tools to conduct our internal (and proprietary) research / analysis. These tools include, but are not limited to:

- Standard and Poors
- Market data
- Liquidity debt ratios
- 52-week average forecasts
- Internal research
- Charting software to best align portfolio decisions with risk / reward objectives

We also may determine to overweight or underweight a certain market sector or market capitalization of a security based on our assessment of the various datapoints.

We utilize our model portfolios as a guide to build efficient portfolios for each Client, based upon your risk profile and objectives and the resulting correlation between your needs and each model.

As long-term investors (we typically hold positions for 24 months, although market conditions can impact our decision making), we define our entrance and exit strategies for individual security positions. Of course, we utilize asset allocation and protect portfolios by limiting the exposure of any one equity security, typically (but not always) to 10% or less of the portfolio value at purchase. In addition to asset allocation, we also use beta and standard deviation that coincide with our risk / reward assumptions.

Asset allocation also attempts to mitigate portfolio exposure (risk) by covering all equity sectors, and in some cases, asset classes. When using cash or the fixed income asset class, we may include:

- Short, intermediate or long-term US Treasury securities
- Credit bonds
- Agencies
- Corporate
- Municipal bonds; and,
- Preferred equity

Through the use of the platform made available to us by your Custodial Firm, we have access to over 8,000 no-load or load-waived mutual funds from more than 450 fund families. We can also purchase, sell or hold:

- Individual stocks

- Bonds
- ETFs
- UITs
- Mutual Funds
- Other

#### **Retirement Plans:**

In formulating our investment advice and managing assets within a defined contribution plan, we review and assess the performance of the investment options within a plan to ensure a broad range of investment opportunities are available to participants. We also review and assess the performance of the investment options to ensure they reflect the broad spectrum appropriate to the age and risk tolerance of plan participants. We evaluate the cost of each investment with respect to alternative investments of a similar nature. We evaluate Model Portfolios and Target Date Funds with respect to their suitability for the age band specified by the investment.

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#### **RISK OF LOSS**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments, there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss, including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or general declines.

Investors should be aware that accounts are subject to the following risks:

- **MARKET RISK** - Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money, and your investment may be worth more or less upon liquidation.
- **FOREIGN SECURITIES AND CURRENCY RISK** - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- **CAPITALIZATION RISK** - Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.
- **INTEREST RATE RISK** - In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.
- **CREDIT RISK** - Credit risk is the risk that 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 thus, impact the fund's performance.

- **EXCHANGE-TRADED FUNDS** - ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."
- **PERFORMANCE OF UNDERLYING MANAGERS** - We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.
- **ALTERNATIVE STRATEGY MUTUAL FUNDS OR ETFS.** Certain ETFs and mutual funds we may use in our models and accounts invest primarily in alternative investments and/or strategies. Investing in these alternative investments / strategies may not be suitable for all our Clients. These include special risks, such as those associated with commodities, real estate, and leverage, selling securities short, use of derivatives, potential adverse market forces, regulatory changes and potential ill-liquidity. There are special risks associated with ETFs that invest principally in real estate securities, such as sensitivity to changes in real estate values and/or changes in interest rates and price volatility due to the ETF's concentration in the real estate market.
- **CYBERSECURITY RISK** - In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at Correct Capital or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

## ITEM 9 - DISCIPLINARY INFORMATION

We do not have any legal, financial or other "disciplinary" item to report.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### THIRD PARTY MONEY MANAGER RELATIONSHIPS

Please refer to Item 4 and Item 5 above for more information about the selection of TPMMs used with our investment services. Our Firm will invoice separately for Correct Capital's portion of the advisory fee. A conflict of interest may arise for our Firm when utilizing a TPMM due to the receipt of discounts or services that are not available to us from another similar TPMM. In order to minimize this conflict, our Firm will make our recommendations and selections of TPMMs in the best interest of our clients.

### RELATED BROKER-DEALER

Certain Investment Adviser Representatives (“IAR”) of Correct Capital are FINRA registered representatives of Purshe Kaplin and Sterling Inc. (“PKS”) a full-service broker-dealer, member FINRA/SIPC, which compensates our IARs for effecting securities transactions. When placing securities transactions through PKS in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of PKS and Correct Capital, PKS has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. PKS and Correct Capital are not affiliated companies. IARs of Correct Capital spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, PKS engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by Correct Capital or its IARs, investments in securities may be recommended for clients. If PKS is selected as the broker-dealer, PKS and its registered representatives, including Donald Culver, may receive commissions for executing securities transactions. However, no commissions will be assessed on assets under Correct Capital management.

You are advised that if PKS is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you have the right to decide whether or not to purchase securities through Donald Culver or PKS.

Moreover, you should note that under the rules and regulations of FINRA, PKS has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require PKS to coordinate with and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than PKS. PKS may collect, as paying agent of Correct Capital, the investment advisory fee remitted to Correct Capital by the account custodian. PKS may retain a portion of the investment advisory fee you pay, as a charge for the functions it performs, and such portion may be further re-allowed to other registered representatives of PKS. The charge will not increase the advisory fee you have agreed to pay Correct Capital. IARs, in their capacities as registered representatives (not acting as IARs), may offer advisory clients securities or other products. These registered representatives typically receive compensation, commissions and/or trailing 12b-1 fees. In addition, PKS will receive additional compensation when clients transact in certain products. Therefore, a conflict of interest exists between the interests of these individuals, PKS and those of the advisory clients. When recommending commissionable products to clients, we have a duty to only recommend products that are suitable for the client. In addition, clients are under no obligation to act on any recommendations of these individuals or place any transactions through them if they decide to follow their recommendations. NOTE: Our IARs who receive compensation on the sale of security in their capacity as a Registered Representative of PKS are prohibited from concurrently receiving an investment advisory or consultation fee on those assets in their capacity as an IAR of Correct Capital.

Clients should be aware that the ability to receive additional compensation by Correct Capital and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Correct Capital acts in the best interest of clients as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;

- we disclose to clients that they have the right to decide to purchase the recommended investment products from our IARs;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients. Conflicts of interests are properly addressed with our clients, disclosed in our Firm documents and mitigated by our Firm's policies and procedures.

IARs of our Firm do not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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#### **INSURANCE**

Some of our IARs are licensed insurance agent and sell various life insurance products, long term care and fixed annuities through the licensed insurance agency. Our IARs receive compensation (commissions, trails, or other compensation from the respective product sponsors) as a result of effecting insurance transactions for clients. IARs spend a portion of their time in connection with these insurance activities and it represents ongoing revenue for our IARs. The IAR has an incentive to recommend insurance and this incentive creates a conflict of interest between your interests and our Firm. Clients should note that they have the right to decide whether or not to engage the services of our IARs. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through our IAR or any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

#### **ITEM 11 - CODE OF ETHICS**

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Correct Capital,

safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- A director, officer, or employee of Correct Capital shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of Correct Capital shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Correct Capital.
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account.
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- Any supervised employee not in observance of the above may be subject to termination.

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#### **INVESTMENT POLICY**

None of our associated persons may affect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the Firm's procedures.

You may request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this Part 2; ATTN: John Biedenstien, Chief Compliance Officer.

#### **ITEM 12 - BROKERAGE PRACTICES**

We generally recommend that clients utilize the custody, brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity") and Charles Schwab & Co., Inc ("Charles Schwab") (defined in this document as "Custodian(s)") for investment management accounts. We may recommend other custodians beside Fidelity and Charles Schwab based on your needs and the services offered.

We recommend that you establish accounts with these Custodians to maintain custody of your assets and to effect trades for your accounts. Some of the products, services and other benefits provided by our Custodians benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with one of these Custodians may be based in part on benefits they provide us, and not solely on the nature, cost or quality of custody and execution services provided by the custodian. The Custodian we utilize makes available to us other products and services that benefit us but may not benefit your accounts in every case.

Custodian(s) provides various benefits and payments to registered investment advisers that are new to the Custodial platform to assist the firm with the costs associated with starting a Registered Investment Advisory firm and transitioning the business to Custodian (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, initial registration, compliance assistance, legal assistance, and technology expenses incurred as a result of the firm transitioning to Custodian's custodial



platform. The amount of the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the Firm.

The receipt of Transition Assistance by Correct Capital creates conflicts of interest relating to Correct Capital's advisory business because it creates a financial incentive for Correct Capital to recommend that its clients maintain their accounts with Custodian. Correct Capital attempts to mitigate these conflicts of interest by evaluating and recommending that clients use Custodian's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by Correct Capital. Correct Capital considers Custodian's execution capability when recommending or requiring that clients maintain accounts with Custodian. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in an account at Custodian.

Some of the other Custodian's products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your account, and assist with back-office functions, recordkeeping and reporting.

We are independently owned and operated and not affiliated with these Custodians. They provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

You have the right to not act upon any recommendations, and if you elect to act upon any recommendations, you have the right to not place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. The Custodian's execution quality may be different than other broker-dealers.

Many of these services generally may be used to service all or a substantial number of our accounts. The Custodians also make available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the custodians may make available, arrange and/or pay for these services rendered to us by third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at our recommended custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a conflict of interest. IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty.

There is no direct link between our participation in a Custodian's platform and the investment advice we give to our clients. We/you may receive economic benefits through our participation in the platforms that may not be available to other advisors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. The Custodians may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by the Custodians through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at the Custodians. Other services made available by the Custodians are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to the Custodians. As part of our fiduciary duties to clients, we endeavor at all times to act in the best interest of our clients. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of the Custodians for custody and brokerage services.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Custodian's execution quality may be different than other Custodians.

Our Firm annually reviews the relationship between our Custodian, Correct Capital and the client in order to determine if the custodial relationship is in the best interest of the client.

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#### **BROKERAGE FOR CLIENT REFERRALS**

Our Firm does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

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#### **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client investment advisory agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

If we do not receive a complete fill for an aggregated order, we will allocate the order on a pro-rata basis. If we determine that a pro-rata allocation is not appropriate under the particular circumstances, we will base the allocation on other relevant factors, which may include:

- When only a small percentage of the order is executed, with respect to purchase allocations, allocations may be given to accounts high in cash
- With respect to sale allocations, allocations may be given to accounts low in cash

- We may allocate shares to the account with the smallest order, or to the smallest position, or to an account that is out of line with respect to security or sector weightings, relative to other portfolios with similar mandates
- We may allocate to one account when that account has limitations in its investment guidelines prohibiting it from purchasing other securities that we expect to produce similar investment results and that can be purchased by other accounts in the block
- If an account reaches an investment guideline limit and cannot participate in an allocation, we may reallocate shares to other accounts. For example, this may be due to unforeseen changes in an account's assets after an order is placed
- If a pro-rata allocation of a potential execution would result in a de Minimis allocation in one or more accounts, we may exclude the account(s) from the allocation
- We will document the reasons for any deviation from a pro-rata allocation.

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#### **TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole, and we will absorb any loss resulting from the trade error if the error was caused by the Firm. If the error is caused by the custodian, the custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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#### **DIRECTED BROKERAGE**

We do not routinely recommend, request, or require that you direct us to execute transactions through a specified broker-dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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

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#### **ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

The Firm monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's Investment Committee and/or investment adviser representatives and are intended to fulfil the Firm's fiduciary obligations to their advisory clients. All advisory clients are encouraged to discuss their needs, goals and objectives with Correct Capital and to keep the Firm informed of any changes thereto. Correct Capital contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial and/or investment objectives.

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#### **STATEMENTS AND REPORTS**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from the Firm and/or an outside service

provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from the Firm or an outside service provider.

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

Our Firm pays referral fees to independent solicitors for the referral of their clients to our Firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our Firm will be given full written disclosure describing the terms and fee arrangements between our Firm and Solicitor(s). The solicitor will not provide clients any investment advice on behalf of Correct Capital.

#### **ITEM 15 – CUSTODY**

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

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#### **DEDUCTION OF ADVISORY FEES**

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address, and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. The client should carefully review those statements and are urged to compare the statements against reports received from Correct Capital. When the client has questions about their account statements or fee deductions, the client should contact Correct Capital or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of advisor fees.

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#### **STANDING LETTERS OF AUTHORIZATION ("SLOA")**

Our Firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest in any of the accounts we are deemed to have custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. The client should carefully review those statements and are urged to compare the statements against reports received from us. When the client has questions about their account statements, the client should contact us, the client's Advisor or the qualified custodian preparing the statement.

## ITEM 16 – INVESTMENT DISCRETION

For discretionary accounts, prior to engaging Correct Capital to provide investment advisory services, you will enter into a written Agreement with us granting the Firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the custodian to authorize and enable Correct Capital, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell, or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange, and trade any stocks, bonds or other securities or assets, (2) determine the amount of securities to be bought or sold, and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by Correct Capital for you are:

- For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
- Any limitations on this discretionary authority shall in writing as indicated on the Investment Advisory Agreement. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer-sponsored account.

## ITEM 17 – VOTING YOUR SECURITIES

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at 314-930-4015.

**Class Action Suits** A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and/or fact. Class action suits frequently arise against companies that publicly issue securities, including securities recommended by investment advisors to clients. With respect to class action suits and claims, you (or your agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in your account. We do not provide such services and are not obligated to forward copies of class action notices we may receive to you or your agents.

## ITEM 18 – FINANCIAL INFORMATION

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. The firm received a Paycheck Protection Plan Loan (\$130,002.00) through the SBA in conjunction with the relief afforded from the CARES Act. The firm procured the loan to guarantee payroll due to the potential of decreased revenue associated with the unprecedented health pandemic. It also aids in supporting and retaining our staff and support the ongoing operations due to the potential for continued revenue decline in 2020. Finally, we have not been the subject of a bankruptcy petition at any time.



**CORRECT CAPITAL WEALTH MANAGEMENT, LLC**

**FORM ADV PART 2A APPENDIX 1  
WRAP FEE PROGRAM BROCHURE**

**February 25, 2021**

**130 SOUTH BEMISTON AVENUE, SUITE 602**

**CLAYTON, MO 63105**

**314-930-4015**

**WWW.CORRECTCAP.COM**

This brochure provides information about the qualifications and business practices of Correct Capital Wealth Management, LLC. ("Correct Capital"). If you have any questions about the contents of this brochure, please contact us at 314-930-4015. 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. Correct Capital is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Correct Capital is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a IARD number. The IARD number for Correct Capital is 298774.

## ITEM 2 – MATERIAL CHANGES

### SUMMARY OF MATERIAL CHANGES

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Our last annual update was dated May 4, 2020. The following material changes have been made since our last annual update:

Effective February 25, 2021, our John Biedenstein is named Chief Compliance Officer.

Item 4 - Our firm offers a Wrap fee Program. Our fee billing is now calculated based on the average daily balance of the account(s) during the previous quarter. Previously we billed on the market value of the assets being managed by the Firm on the last day of the previous billing period.

Item 5 - Types of Clients. Our Firm maintains a \$500,000 minimum in aggregate investable assets. In certain instances, at the discretion of our Firm, this minimum may be waived.

Item 6 – Methods of Analysis, Investment Strategies and Risk of Loss. This section was updated to expand our strategies. The Risk of Loss section was also expanded to reflect our investments and the risk more accurately.

Item 9 – Other Financial Industry Activities and Affiliations. We added our affiliation with Purshe Kaplin and Sterling Inc. a registered broker dealer and a disclosure that some of our Supervised person are licensed insurance agents.

Item 9 – Brokerage Practices. Our Firm added Charles Schwab as one of our Firm’s recommended Custodians. We removed the language that we allow clients to direct Correct Capital to use a particular Financial Institution. We have no such relationships, nor do we anticipate such relationships.

Item 9 – Custody. Our Firm is deemed to have custody of clients’ funds or securities when clients have standing authorizations with their custodian to move money from a client’s account to a third-party (“SLOA”) and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest in any of the accounts we are deemed to have custody where SLOAs are on file.

Item 9 – Voting Client Securities. We no longer vote proxies on behalf of our clients.

Item 9 - Financial Information. Item 18 was updated to reflect receipt of Paycheck Protection Plan Loan through the SBA in conjunction with the relief afforded from the CARES Act.

Currently, a free copy of our Brochure may be requested by contacting John Biedenstein at 314-930-4015, or [john@correctcap.com](mailto:john@correctcap.com).

We encourage you to read this document in its entirety.

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## ITEM 4 – SERVICES, FEES & COMPENSATION

We offer a wrap fee program as described in this Wrap Fee Program Brochure. A wrap fee program is generally considered any arrangement under which clients receive investment advisory services and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. All of our investment management clients will be offered the wrap fee program structure that includes, as a single fee, the securities transaction costs for trading in Client accounts along with the investment advisory fees earned by our firm. Our firm receives a portion of the wrap fee for the services rendered. While traditional Wrap Fee Programs are often rigid, pre-packaged investment programs, our firm customizes its investment strategies individually for its Clients. Prior to receiving services through the Program, clients are required to enter into a written agreement with our firm setting forth the relevant terms and conditions of the investment advisory relationship (the “Agreement”).

### OUR WRAP ADVISORY SERVICES

We manage advisory accounts on a discretionary and non-discretionary basis. Financial Planning is inclusive with our wealth management. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day to day transactions without seeking prior client consent. Account supervision is guided by the written profile and investment plan of the client. We may accept accounts with certain restrictions if circumstances warrant. We primarily allocate client assets among various equities such as preferred stocks, common stocks, Exchanged Traded Funds (“ETFs”), CDs, no-load or load-waived mutual funds, and fixed income positions in accordance with their stated investment objectives.

During discussions with clients, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan.

It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals or changes in their personal financial condition.

Once we have determined the types of investments to be included in your portfolio and allocated them, we will provide ongoing investment review and management services. This approach requires us to review your portfolio periodically.

We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the custodian to deduct our investment advisory fees from your accounts, but only with the appropriate written authorization from you.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, 529 Plans and assets held in employer-sponsored retirement plans. In these situations, Correct Capital directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain capital market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

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**RELATIVE COST OF THE PROGRAM**

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the Custodian.

Our firm offers a transaction-based Wrap Fee Program (based on each trade or transaction with the Custodian). We do not charge our clients higher advisory fees based on their trading activity or option they select, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we incur the fees for executed trades. In order to mitigate this conflict of interest, we will fulfill our fiduciary duty by always acting in the client's best interest.

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade entry, investment supervision, and other account maintenance activities. Our Custodians charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for details.

Our management fee generally varies between 50 and 150 basis points (0.50% - 1.50%). The specific advisory fees are set forth in your Investment Advisory Agreement with our Firm. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account, or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family-related accounts are charged a reduced fee for our services.

Fees are billed quarterly in advance based on the average daily balance of the account(s) during the previous quarter. Fees are assessed on all assets under management, including securities, cash, and money market balances. Margin account balances are not included in the fee billing. New accounts are billed at the end of the quarter in which assets are transferred based on the quarter end balance. If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. Other advisers may have higher or lower fees than Correct Capital. Dividends or trade date settlements may occur, and our third-party billing software may report a slight difference in account valuation at quarter end compared to what is reported on your Statement from the Custodian.

The independent and qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement to you at least a quarterly basis indicating all the amounts deducted from the account including our advisory fees. Client can elect to be directly billed as an alternative.

Either Correct Capital, or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination for the month in which the cancellation notice was given and the refunded.

Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of the client's death or disability, Correct Capital will continue the management of the account until we are notified of the client's death or disability and given alternative instructions by an authorized party. Mutual Funds and ETFs charge additional fees not included in Correct Capital's fee.

Correct Capital is the sponsor and portfolio manager of this Wrap Fee Program. We receive investment advisory fees paid by our clients for investment advisory services covered under this Wrap Fee Program.

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#### **OTHER TYPES OF FEES & EXPENSES**

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, wire transfer fees, fees for trades executed away from custodian, and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm. Neither our Firm nor its supervised persons accept compensation for the sale of securities. Further, our firm does not share in any of these additional fees and expenses outlined above.

### **ITEM 5 – ACCOUNT REQUIREMENTS & TYPES OF CLIENTS**

Correct Capital offers investment advice to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

Our Firm maintains a \$500,000 minimum in aggregate investable assets. In certain instances, at the discretion of our Firm, this minimum may be waived.

### **ITEM 6 – PORTFOLIO MANAGER SELECTION & EVALUATION**

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#### **PORTFOLIO MANAGER SELECTION**

We serve as the sponsor and portfolio manager for our Wrap Fee Program.

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#### **RELATED PERSONS**

Our firm's investment adviser representatives serve as the portfolio manager for the services under this Wrap Fee Program. We only manage this wrap fee program and we do not act as portfolio manager for any third-party wrap fee programs.

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#### **SUPERVISED PERSONS**

Our investment adviser representatives serve as the portfolio manager for the Wrap Fee Program described in this Wrap Fee Program Brochure. Please refer to the Items 4 and 8 of the Disclosure Brochure for details on the services provided by our Firm. For information related to the background of our supervised persons, please see Items 9 and 11 of the Disclosure Brochure.

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#### **ADVISORY BUSINESS**

See Item 4 for information about our wrap fee advisory program. We offer individualized investment advice to clients utilizing our Wrap Portfolio Management service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

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#### **PARTICIPATION IN WRAP FEE PROGRAMS**

We offer wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

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#### **PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

We do not charge performance fees to our clients.

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## **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

Correct Capital Wealth Management analyzes securities we may use for Client's accounts based upon two methodologies:

- **Fundamental Analysis.** Defined as a method of evaluating a security that considers future, intrinsic value by reviewing related economic, financial and other factors. We consider as many data points as we can that might affect the security's value.
- **Technical Analysis.** Defined as an analysis discipline used for forecasting the direction of stock / market prices through the study of past market data, primarily price and volume. Many believe technical analysis is a key component of active portfolio management; we believe that the utilization of both fundamental and technical analysis provides Correct Capital Wealth Management with our best understanding of our conclusions and assumptions.

In concert with our analysis methodology, we utilize several tools to conduct our internal (and proprietary) research / analysis. These tools include, but are not limited to:

- Standard and Poors
- Market data
- Liquidity debt ratios
- 52-week average forecasts
- Internal research
- Charting software to best align portfolio decisions with risk / reward objectives

We also may determine to overweight or underweight a certain market sector or market capitalization of a security based on our assessment of the various datapoints.

We utilize our model portfolios as a guide to build efficient portfolios for each Client, based upon your risk profile and objectives and the resulting correlation between your needs and each model.

As long-term investors (we typically hold positions for 24 months, although market conditions can impact our decision making), we define our entrance and exit strategies for individual security positions. Of course, we utilize asset allocation and protect portfolios by limiting the exposure of any one equity security, typically (but not always) to 10% or less of the portfolio value at purchase. In addition to asset allocation, we also use beta and standard deviation that coincide with our risk / reward assumptions.

Asset allocation also attempts to mitigate portfolio exposure (risk) by covering all equity sectors, and in some cases, asset classes. When using cash or the fixed income asset class, we may include:

- Short, intermediate or long-term US Treasury securities
- Credit bonds
- Agencies
- Corporate
- Municipal bonds; and,
- Preferred equity

Through the use of the platform made available to us by your Custodial Firm, we have access to over 8,000 no-load or load-waived mutual funds from more than 450 fund families. We can also purchase, sell or hold:

- Individual stocks
- Bonds
- ETFs
- UITs
- Mutual Funds
- Other

#### **Retirement Plans:**

In formulating our investment advice and managing assets within a defined contribution plan, we review and assess the performance of the investment options within a plan to ensure a broad range of investment opportunities are available to participants. We also review and assess the performance of the investment options to ensure they reflect the broad spectrum appropriate to the age and risk tolerance of plan participants. We evaluate the cost of each investment with respect to alternative investments of a similar nature. We evaluate Model Portfolios and Target Date Funds with respect to their suitability for the age band specified by the investment.

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#### **RISK OF LOSS**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments, there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss, including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or general declines.

Investors should be aware that accounts are subject to the following risks:

- **MARKET RISK** - Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money, and your investment may be worth more or less upon liquidation.
- **FOREIGN SECURITIES AND CURRENCY RISK** - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- **CAPITALIZATION RISK** - Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.
- **INTEREST RATE RISK** - In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.
- **CREDIT RISK** - Credit risk is the risk that 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 thus, impact the fund's performance.
- **EXCHANGE-TRADED FUNDS** - ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption

process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

- **PERFORMANCE OF UNDERLYING MANAGERS** - We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.
- **ALTERNATIVE STRATEGY MUTUAL FUNDS OR ETFs**. Certain ETFs and mutual funds we may use in our models and accounts invest primarily in alternative investments and/or strategies. Investing in these alternative investments / strategies may not be suitable for all our Clients. These include special risks, such as those associated with commodities, real estate, and leverage, selling securities short, use of derivatives, potential adverse market forces, regulatory changes and potential ill-liquidity. There are special risks associated with ETFs that invest principally in real estate securities, such as sensitivity to changes in real estate values and/or changes in interest rates and price volatility due to the ETF's concentration in the real estate market.
- **CYBERSECURITY RISK** - In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at Correct Capital or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

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#### **VOTING CLIENT SECURITIES**

We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at (847)794-5000.

**Class Action Suits** A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and/or fact. Class action suits frequently arise against companies that publicly issue securities, including securities recommended by investment advisors to clients. With respect to class action suits and claims, you (or your agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in your account. We do not provide such services and are not obligated to forward copies of class action notices we may receive to you or your agents.

## ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGER(S)

Our firm is required to describe the type and frequency of the information it communicates to external managers that may be involved in managing its Clients' investment portfolios. Correct Capital serves as the sole portfolio manager under this Wrap Fee Program and, as such, we have no information to disclose regarding this Item.

## ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGER(S)

Our firm does not place restrictions on the client's ability to contact and consult their financial advisor. As the portfolio manager, clients are free to contact us at any time.

## ITEM 9 – ADDITIONAL INFORMATION

All the information disclosed in Item 9 is for Wrap Fee Clients.

### DISCIPLINARY INFORMATION

Our Firm does not have any legal disciplinary events, criminal or civil actions, material to a client's decision to choose to engage advisory services from our Firm.

### THIRD PARTY MONEY MANAGER RELATIONSHIPS

Please refer to Item 4 and Item 5 above for more information about the selection of TPMMs used with our investment services. Our Firm will invoice separately for Correct Capital's portion of the advisory fee. A conflict of interest may arise for our Firm when utilizing a TPMM due to the receipt of discounts or services that are not available to us from another similar TPMM. In order to minimize this conflict, our Firm will make our recommendations and selections of TPMMs in the best interest of our clients.

### BROKER-DEALER RELATIONSHIP

Certain Investment Adviser Representatives ("IAR") of Correct Capital are FINRA registered representatives of Purshe Kaplin and Sterling Inc. ("PKS") a full-service broker-dealer, member FINRA/SIPC, which compensates our IARs for effecting securities transactions. When placing securities transactions through PKS in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of PKS and Correct Capital, PKS has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. PKS and Correct Capital are not affiliated companies. IARs of Correct Capital spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, PKS engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by Correct Capital or its IARs, investments in securities may be recommended for clients. If PKS is selected as the broker-dealer, PKS and its registered representatives, including Donald Culver, may receive commissions for executing securities transactions. However, no commissions will be assessed on assets under Correct Capital management.

You are advised that if PKS is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you have the right to decide whether or not to purchase securities through Donald Culver or PKS.

Moreover, you should note that under the rules and regulations of FINRA, PKS has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require PKS to coordinate with and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than PKS.

PKS may collect, as paying agent of Correct Capital, the investment advisory fee remitted to Correct Capital by the account custodian. PKS may retain a portion of the investment advisory fee you pay, as a charge for the functions it performs, and such portion may be further re-allowed to other registered representatives of PKS. The charge will not increase the advisory fee you have agreed to pay Correct Capital. IARs, in their capacities as registered representatives (not acting as IARs), may offer advisory clients securities or other products. These registered representatives typically receive compensation, commissions and/or trailing 12b-1 fees. In addition, PKS will receive additional compensation when clients transact in certain products. Therefore, a conflict of interest exists between the interests of these individuals, PKS and those of the advisory clients. When recommending commissionable products to clients, we have a duty to only recommend products that are suitable for the client. In addition, clients are under no obligation to act on any recommendations of these individuals or place any transactions through them if they decide to follow their recommendations. NOTE: Our IARs who receive compensation on the sale of security in their capacity as a Registered Representative of PKS are prohibited from concurrently receiving an investment advisory or consultation fee on those assets in their capacity as an IAR of Correct Capital.

Clients should be aware that the ability to receive additional compensation by Correct Capital and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Correct Capital acts in the best interest of clients as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase the recommended investment products from our IARs;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients. Conflicts of interests are properly addressed with our clients, disclosed in our Firm documents and mitigated by our Firm's policies and procedures.

IARs of our Firm do not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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## **INSURANCE**

Some of our IARs are licensed insurance agent and sell various life insurance products, long term care and fixed annuities through the licensed insurance agency. Our IARs receive compensation (commissions, trails, or other compensation from the respective product sponsors) as a result of effecting insurance transactions for clients. IARs spend a portion of their time in connection with these insurance activities and it represents ongoing revenue for our IARs. The IAR has an incentive to recommend insurance and this incentive creates a conflict of interest between your interests and our Firm. Clients should note that they have the right to decide whether or not to engage the services of our IARs. Further, clients should note they have the right to decide whether to act on the recommendations and



the right to choose any professional to execute the advice for any insurance products through our IAR or any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

Clients should be aware that the ability to receive additional compensation by CORRECT CAPITAL and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. CORRECT CAPITAL endeavors at all times to act in the Clients best interest of its clients. As part of our fiduciary duty as a registered investment adviser, we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees or Related Companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- we conduct regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.
- IARs of our Firm do not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Our firm nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

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## **BROKERAGE PRACTICES**

We generally recommend that clients utilize the custody, brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity") and Charles Schwab & Co., Inc ("Charles Schwab") (defined in this document as "Custodian(s)") for investment management accounts. We may recommend other custodians beside Fidelity and Charles Schwab based on your needs and the services offered.

We recommend that you establish accounts with these Custodians to maintain custody of your assets and to effect trades for your accounts. Some of the products, services and other benefits provided by our Custodians benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with one of these Custodians may be based in part on benefits they provide us, and not solely on the nature, cost or quality of custody and execution services provided by the custodian. The Custodian we utilize makes available to us other products and services that benefit us but may not benefit your accounts in every case.

Custodian provides various benefits and payments to registered investment advisers that are new to the custodial platform to assist the firm with the costs associated with starting a Registered Investment Advisory firm and transitioning the business to Custodian (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, initial registration, compliance assistance, legal assistance, and technology expenses incurred as a result of the firm transitioning to Custodian's custodial platform. The amount of the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the Firm.

The receipt of Transition Assistance by Correct Capital creates conflicts of interest relating to Correct Capital's advisory business because it creates a financial incentive for Correct Capital to recommend that its clients maintain their accounts with Custodian. Correct Capital attempts to mitigate these conflicts of interest by evaluating and recommending that clients use Custodian's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by Correct Capital. Correct Capital considers Custodian's 's execution capability when recommending or requiring that clients maintain accounts with Custodian. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in an account at Custodian.

Some of the other Custodian's products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your account, and assist with back-office functions, recordkeeping and reporting.

We are independently owned and operated and not affiliated with these Custodians. They provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

You have the right to not act upon any recommendations, and if you elect to act upon any recommendations, you have the right to not place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. The Custodian's execution quality may be different than other broker-dealers.

Many of these services generally may be used to service all or a substantial number of our accounts. The Custodians also make available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the custodians may make available, arrange and/or pay for these services rendered to us by third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at our recommended custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a conflict of interest. IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty.

There is no direct link between our participation in a Custodian's platform and the investment advice we give to our clients. We/you may receive economic benefits through our participation in the platforms that may not be available to other advisors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client

order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. The Custodians may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by the Custodians through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at the Custodians. Other services made available by the Custodians are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to the Custodians. As part of our fiduciary duties to clients, we endeavor at all times to act in the best interest of our clients. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of the Custodians for custody and brokerage services.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Custodian's execution quality may be different than other Custodians.

Our Firm annually reviews the relationship between our Custodian, Correct Capital and the client in order to determine if the custodial relationship is in the best interest of the client.

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#### **AGGREGATION AND ALLOCATION OF TRANSACTIONS**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. We may make trades in individual accounts (that are not aggregated with others) so that we may address that client's unique circumstances. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

- Our policy for the aggregation of transactions shall be fully disclosed to our existing clients (if any) and the Custodian(s) through which such transactions will be placed;
- We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
- No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
- We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
- If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
- Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
- We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- Individual advice and treatment will be accorded to each advisory client.

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## **TRADE ERRORS**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole, and we will absorb any loss resulting from the trade error if the error was caused by the Firm. If the error is caused by the custodian, the custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Correct Capital, safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- A director, officer, or employee of Correct Capital shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of Correct Capital shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts
- We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Correct Capital.
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices
- Any supervised employee not in observance of the above may be subject to termination

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## **ACCOUNT REVIEWS AND REVIEWERS – INVESTMENT SUPERVISORY SERVICES**

The Firm monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's Investment Committee and/or investment adviser representatives and are intended to fulfil the Firm's fiduciary obligations to their advisory clients. All advisory clients are encouraged to discuss their needs, goals and objectives with Correct Capital and to keep the Firm informed

of any changes thereto. Correct Capital contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial and/or investment objectives.

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#### **STATEMENTS AND REPORTS**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from the Firm and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from the Firm or an outside service provider.

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#### **CLIENT REFERRALS & OTHER COMPENSATION**

Our Firm pays referral fees to independent solicitors for the referral of their clients to our Firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our Firm will be given full written disclosure describing the terms and fee arrangements between our Firm and Solicitor(s). The solicitor will not provide clients any investment advice on behalf of Correct Capital.

We receive an economic benefit from TD Ameritrade in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

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#### **SOFT DOLLARS**

Our firm does not accept any direct soft dollars.

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#### **DIRECTED BROKERAGE**

We do not routinely recommend, request, or require that you direct us to execute transactions through a specified broker-dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties. Custodian's execution quality may be different than other Custodians.

Our Firm will annually review the relationship between our Custodians, Correct Capital, and the client in order to determine if the custodial relationship is in the best interest of the client.

We do not have physical custody, as it applies to investment advisors. Custody has been defined by regulators as having access or control over client funds and/or securities.

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#### **DEDUCTION OF ADVISORY FEES**

For all accounts, our Firm has the authority to have fees deducted directly from client accounts. Our Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address, and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. The client should carefully review those statements and are urged to compare the statements against reports received from Correct Capital. When the client has questions about their account statements or fee deductions, the client should contact Correct Capital or the qualified custodian preparing the statement.

Please refer to Item 5 for more information about the deduction of advisor fees.

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**STANDING LETTERS OF AUTHORIZATION ("SLOA")**

Our Firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest in any of the accounts we are deemed to have custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. The client should carefully review those statements and are urged to compare the statements against reports received from us. When the client has questions about their account statements, the client should contact us, the client's Advisor or the qualified custodian preparing the statement.

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**FINANCIAL INFORMATION**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. The firm received a Paycheck Protection Plan Loan (\$130,002.00) through the SBA in conjunction with the relief afforded from the CARES Act. The firm procured the loan to guarantee payroll due to the potential of decreased revenue associated with the unprecedented health pandemic. It also aids in supporting and retaining our staff and support the ongoing operations due to the potential for continued revenue decline in 2020. Finally, we have not been the subject of a bankruptcy petition at any time.