



*Financial Group, LLC*

An Independent Registered  
Investment Adviser

## Client Brochure

*This brochure provides information about the qualifications and business practices of Clayton & McKervey Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at (248) 208-8511 or by email at: [vhicks@claytonmckerverveyfinancial.com](mailto:vhicks@claytonmckerverveyfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Clayton & McKervey Financial Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Clayton & McKervey Financial Group, LLC's CRD number is: 124138*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Clayton & McKerverey Financial Group, LLC has not yet filed an annual updating amendment using the ADV Form 2A. Therefore there are no material changes to report.

## Item 3: Table of Contents

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm has been in business since February of 2000, and the principal owner is Victor Hayes Hicks II.

### B. Types of Advisory Services

Clayton & McKerverey Financial Group, LLC (hereinafter "C&M") offers the following services to advisory clients:

#### *Investment Supervisory Services*

C&M provides consulting services for trustees of pension and profit sharing plans. Portfolio management services are based on the individual goals, objectives, time horizon, and risk tolerance of each client. C&M creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Regular and/or continuous portfolio monitoring

C&M evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. C&M will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Financial Planning*

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees.

### ***Services Limited to Specific Types of Investments***

C&M limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, insurance products including annuities, private placements, and government securities. C&M may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

C&M offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent C&M from properly servicing the client account, or if the restrictions would require C&M to deviate from its standard suite of services, C&M reserves the right to end the relationship.

### **D. Wrap Fee Programs**

C&M does not participate in any wrap fee programs.

### **E. Amounts Under Management**

C&M has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$75,000,000.00	\$30,000,000.00	12/31/2010

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
First \$200,000	1.75%
Next \$300,000	1.50%
Next \$500,000	1.25%
Over \$1,000,000	1.00%

These fees are negotiable. Fees are paid quarterly in advance, and clients may terminate their contracts with thirty days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Because C&M will withdraw fees directly from client accounts, C&M must comply with all six requirements of Michigan Release 93-3-BD, Those requirements are

A. The authorization or agreement is limited to withdrawing contractually agreed upon investment adviser fees.

B. C&M will notify the client, in writing by at least first class mail not less than seven (7) days prior to the proposed date of withdrawal, of the exact amount of the proposed withdrawal and the specific manner or basis on which the fee has been calculated. The notice shall advise the client of the opportunity to object to the invoiced amount and the manner in which the objection shall be made.

C. The frequency of fee withdrawal will be specified in the written authorization or agreement.

D. The custodian of the account will be advised in writing of the limitation on the adviser's access to the account. This requirement will be satisfied by furnishing to the custodian a copy of the authorization or agreement.

E. The custodian will provide the client, not less than quarterly, a statement indicating all amounts disbursed from the account including, separately, the amount of advisory fees paid. This may be contained in the custodian's regular periodic report to the client.

F. The client is able to terminate the written billing authorization or agreement required by this release at any time.

### ***Financial Planning Fees***

#### ***Fixed Fees***

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$1,000 and \$10,000. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

#### ***Hourly Fees***

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$150 and \$350. The fees are negotiable. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Advisory fees may be invoiced and billed directly to the client with payments due by the fifteenth day following the start of the calendar quarter. Clients may select the method in which they are billed.

### ***Payment of Financial Planning Fees***

Hourly Financial Planning fees are paid via check or account debit in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.



Fixed Financial Planning fees are paid via check or account debit in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by C&M. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

C&M collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check or deposit back into client's account.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither C&M nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

C&M does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

C&M generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Corporations or Business Entities

### ***Minimum Account Size***

There is an account minimum, \$250,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

C&M's methods of analysis include fundamental analysis and technical analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

C&M uses long term trading and short term trading strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

#### *Investment Strategies*

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

C&M generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither C&M nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither C&M nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither C&M nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

C&M does not utilize nor select other advisors or third party managers. All assets are managed by C&M management.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

C&M does not recommend that clients buy or sell any security in which a related person to C&M has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of C&M may buy or sell securities for themselves that they also recommend to clients. C&M will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of C&M may buy or sell securities for themselves at or around the same time as clients. C&M will not trade non-mutual fund or non-ETF securities 5 days prior to or 5 days after trading the same security for clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. C&M will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

### ***1. Research and Other Soft-Dollar Benefits***

C&M receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

### ***2. Brokerage for Client Referrals***

C&M receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

C&M allows clients to direct brokerage. C&M may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage C&M may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

C&M maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least semi-annually by Victor Hayes Hicks II and/or Naoko McKelvey. The chief advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at C&M are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Victor Hayes Hicks II and/or Naoko McKelvey. There is only one level of review and that is the total review conducted to create the financial plan.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least semi-annually a written report detailing the client's account which will come from the custodian.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

C&M does not receive any economic benefit, directly or indirectly from any third party for advice rendered to C&M clients.

### **B. Compensation to Non -Advisory Personnel for Client Referrals**

C&M does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

C&M does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the Custodian. Clients will receive account statements from the custodian and should carefully review those statements. C&M urges clients to compare the account statements they receive from the custodian with those they received from C&M.

## **Item 16: Investment Discretion**

For those client accounts where C&M provides ongoing supervision, C&M maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

## **Item 17: Voting Client Securities (Proxy Voting)**

C&M will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

C&M does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither C&M nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

C&M has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

C&M currently has only one management person and only one executive officer; Victor Hayes Hicks II. Victor Hayes Hicks II's education and business background can be found on the Supplemental ADV Part 2B form.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Victor Hayes Hicks II's other business activities can be found on the Supplemental ADV Part 2B form.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

C&M does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at C&M has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither C&M, nor its management persons, has any relationship or arrangement with issuers of securities.