

Item 1 – Cover Page

Prasada Capital, LLC

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This brochure was last updated January 1, 2011.

This brochure provides information about the qualifications and business practices of Prasada Capital, LLC. If you have any questions about the contents of this brochure, please contact D. Carl Richards, III, Chief Compliance Officer, at (888) 424-1466 and/or carl@prasadacapital.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 Prasada Capital, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission (SEC) published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This brochure dated January 1, 2011 is materially different in structure and requires certain new information that our previous brochure did not require. Pursuant to the new SEC Rules, we will ensure that all our current clients receive this brochure, in its entirety, by May 30, 2011.

In the future, this Item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Prasada will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting D. Carl Richards, III, Chief Compliance Officer, at (888) 424-0466 or carl@prasadacapital.com.

Additional information about Prasada Capital, LLC is also available via the SEC's website, www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Prasada Capital, LLC who are registered, or are required to be registered, as investment adviser representatives of Prasada Capital, LLC.

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Item 4 – Advisory Business

About Prasada Capital, LLC

Prasada Capital, LLC (Prasada) is a limited liability company formed in 2010 in the state of Nevada. Prasada is the successor firm of Clearwater Wealth Management, LLC formed in 2004. The principal owner of Prasada is D. Carl Richards, III. The major decisions of a strategic and administrative nature for the firm are undertaken by Mr. Richards.

This narrative brochure provides clients with information regarding Prasada and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of Prasada.

Prior to engaging Prasada to provide services, clients are required to enter into an agreement with Prasada setting the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Prasada beginning services. If requested by the client, Prasada may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Prasada. If a client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. It remains the client's responsibility to promptly notify Prasada if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Prasada's previous recommendations and/or services.

Investment Management Services

Prasada meets with a prospective client initially to ask specific questions about goals, values, assets, and involvement in the process. The goal of the Discovery Meeting is to determine if the prospective client will be a good fit for Prasada. Prasada works with a limited number of clients on a long-term basis, so it is important to determine if the relationship will be mutually beneficial.

In general, Prasada will work with the client to determine the client's investment objectives and investor risk profile. Prasada works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio constructed by Prasada. Prasada will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client regarding the account as necessary or as requested by the client.

If requested by the client, Prasada may provide continuous discretionary asset management and investment supervisory services. Subject to any written guidelines, which the client may provide, Prasada will be granted discretion and authority to manage the account. Accordingly, Prasada is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include making all investment decisions on the (a) securities purchased/sold and (b) the amount of securities to be purchased/sold. Once the portfolio is constructed, Prasada provides ongoing supervision and re-balancing of the portfolio as changes in market conditions and client circumstances may require.

After consultation with Prasada, clients may impose restrictions on investing in certain securities or types of securities. Other restrictions may be imposed by clients with respect to the (average or longest) maturity or credit quality of fixed income investments. In either case, all restrictions must be in writing.

Selection of Other Advisers

As part of its advisory services, Prasada will offer its clients access to third-party investment advisers ("sub-advisers") to manage a portion of or their entire portfolio. All sub-advisers to whom Prasada refers its clients must be a registered investment adviser with the Securities and Exchange Commission or other appropriate jurisdictions.

After gathering information about a client's financial situation and investment objectives, a representative of Prasada may select a third-party adviser and/or program. Clients are reminded to promptly notify Prasada of any material change in their financial situation, investment objectives, or account restrictions.

At the time of the referral, clients referred to sub-advisers will receive full disclosure that includes detailed information on the services offered and other pertinent disclosures by delivery of a copy of the relevant sub-adviser's Form ADV Part 2 or equivalent disclosure documents. In addition, if the investment program recommended to a client is

a wrap fee program, the client will also receive the equivalent wrap fee brochure provided by the sponsor of the program. Prasada will provide each client with all appropriate disclosure statements, including disclosure of fees paid to Prasada, its representative's, and the sub-advisers.

Prasada may enter into agreements with various outsourcing firms to enhance the firm's efficiency and breadth of services.

Trade Error Policy

Should they occur, losses resulting from Prasada's trade errors shall be reimbursed by Prasada, but Prasada shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within Prasada's custodian firm account, and while Prasada does not receive any net benefit, Prasada retains the net gains and losses to be used against any future trade errors that may occur.

Client Obligations

In performing its services, Prasada is not required to verify any information received from the client or from the client's other professionals. Moreover, each client is advised that it remains his or her responsibility to promptly notify Prasada if there is ever any change in the client's financial situation or investment objectives during the client engagement.

Disclosure Statement

A copy of Prasada's written brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or at the same time as, the execution of the *Investment Advisory Agreement*. Any client who has not received a copy of Prasada's written brochure at least 48 hours prior to executing the *Investment Advisory Agreement* shall have five business days subsequent to executing the agreement to terminate the Prasada's services without penalty.

Non-Participation in Wrap Fee Programs

Prasada, as a matter of policy and practice, does not sponsor any wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment

supervisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

Amount of Assets Under Management

As of December 31, 2010, Prasada provided advice on approximately \$54 million in assets. All of these assets are managed on a discretionary basis.

Our Policy on Class Action Lawsuits

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Prasada has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Prasada has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Prasada receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate if the client has authorized contact in this manner.

Item 5 – Fees and Compensation

Investment Management

Most discretionary portfolios are maintained at Interactive Brokers (IB), a qualified custodian. If applicable, accounts held at IB may be sub-managed. Prasada charges a negotiable asset based fee ranging between 1.00 and 2.00% per annum. Fees for accounts held at IB are based on an annualized percentage of net liquidation value applied on a daily basis and apportioned by 252 days.

Some legacy accounts may be maintained at other custodians and have a fee schedule (below) based on a percentage of assets under management.

The annual fee for portfolio management services is billed quarterly in arrears and is based on the market value of client assets on the last day of the quarter. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter. On an annualized basis, Prasada's fees for ongoing portfolio management services, subject to negotiation, are based on the following tiered fee schedule:

Portfolio Size	Annualized Fee*
First \$1-\$15 million	1.50%
Next \$15+	1.00%

*Client accounts may be aggregated for fee calculations.

While the above referenced schedule applies to new accounts, Prasada has previously offered services to clients for lower fees and maintains those account agreements.

Payment for management fees will be made by the qualified custodian holding the client's funds and securities provided the client provides written authorization permitting the fees to be paid directly from the client's account. Prasada will not have access to client funds for payment of fees without client consent in writing. Further, the qualified custodian agrees to deliver a quarterly account statement directly to the client showing all disbursements from the account. The client is encouraged to review their account statements for accuracy. Prasada will receive a duplicate copy of the statement that was delivered to the client. Alternatively, Prasada may invoice clients directly for

portfolio management fees. When clients are billed directly, payment is due upon receipt of Prasada's invoice.

General Information Regarding Advisory Services and Fees

Prasada does not represent, warrant, or imply that the services or methods of analysis used by Prasada can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections.

Advice offered by Prasada may involve investments in mutual funds. Clients are hereby advised that all fees paid to Prasada for investment supervisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders, as described in each fund's prospectus. These fees will generally include a management fee and other fund expenses. Further, transaction charges may be applicable when purchasing and selling securities. Prasada does not share in any portion of the brokerage fees and/or transaction charges imposed by the broker-dealer/custodian holding the client funds or securities. Clients should review all fees charged by mutual funds, Prasada, and others to fully understand the total amount of fees to be paid by the client.

Clients may also incur "account termination fees" upon the transfer of an account from one brokerage firm (broker-dealer/custodian) to another. These account termination fees are believed to range generally from \$0 to \$200 at present, but at times may be much higher. Clients should contact their custodians (brokerage firms, banks or trust companies, etc.) to determine the amount of account termination fees which may be charged and deducted from their accounts for any existing accounts which may be transferred.

Such charges, fees and commissions are exclusive of and in addition to the firm's fee, and the firm does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

The vast majority of clients pay Prasada's fees based upon a percentage of the assets advised upon. This is a very common form of compensation for registered investment supervisory firms and avoids the multiple inherent conflicts of interest associated with

commission-based compensation (Prasada does not accept commission-based compensation of any nature, nor does Prasada accept 12b-1 fees).

Asset-advised-upon percentage method of compensation can still at times lead to conflicts of interest between our firm and our client as to the advice we provide. For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a (larger) home or cars or other non-investment assets; the purchase of a lifetime immediate annuity; expenditures of funds for travel or other activities; investment in private equity investments (private real estate ventures, closely held businesses, etc.), and the amount of funds to place in non-managed cash reserve accounts. Prasada's goal is that the firm's advice to the client remains at all times in the client's best interest, disregarding any impact of the decision upon Prasada.

Termination

The client may terminate any new agreement without penalty by providing written notice of such cancellation to Prasada within five (5) business days of the date of signing the agreement. Following the five-day cancellation period, the first periods' fee is not refundable due to the large volume of initial work to be undertaken by Prasada. Thereafter, either party may terminate the agreement without penalty upon notice in writing to the other party. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, with the refund calculations based pro rata to the date of termination. Upon the termination of the agreement, Prasada will not possess any obligation to recommend or take any action with regard to the securities, cash, or other investments in a client's account.

The agreement for Portfolio Management will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement.

Prasada believes that the charges and fees offered within its program are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources. A client could invest in mutual funds directly, without the services of Prasada. In that case, the client would not receive the services provided by Prasada which are designed, among other things, to assist the client in determining which investments are most appropriate to each client's financial condition and objectives, undertake a

disciplined approach to portfolio rebalancing while taking into account the tax ramifications of same, and to avoid ad hoc emotional reactions to shorter-term market events. Also, some of the funds used by the firm may not be available to the client directly without the use of an investment adviser granted access to such funds.

Prasada's relationship with each client is non-exclusive; in other words, Prasada provides investment supervisory services and financial planning services to multiple clients. Prasada seeks to avoid situations in which one client's interest may conflict with the interest of another of its clients. However, one circumstance which could arise is a sudden sharp downturn in the values of one or more stock asset classes, thereby triggering (under adopted investment policies with the vast majority of Prasada's clients) the need to rebalance the investment portfolios following the close of any business (trading) day. In this instance, Prasada seeks to rebalance each client's investment portfolio on a timely basis, keeping in mind that most mutual fund trades occur at the end of a trading day. In determining which client portfolios to attend to first, Prasada ranks clients by the amount of assets under advisement as of the last quarterly period from highest to lowest, and generally proceed to rebalance portfolios accordingly.

Item 6 – Performance-Based Fees and Side-By-Side Management

Item 6 is not applicable to Prasada. Prasada does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Such acceptance or management would pose a significant conflict of interest to our clients because performance-based fees may provide an incentive to favor such accounts over the accounts of clients under our other advisory programs. Prasada considers avoidance of such conflict a paramount policy in maintaining our fiduciary duty to our clients.

Item 7 – Types of Clients

Prasada offers personalized investment supervisory services to individuals, high net worth individuals, pension and profits sharing plan, and charitable organizations. Client relationships vary in scope and length of service.

Required Minimum Client Accounts

Prasada does not require an account minimum for investment management services.

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

Prasada manages client accounts with the goal of protecting wealth and accumulating gains. Utilizing statistical probability, Prasada's investment management philosophy is based upon absolute risk management and reduction using multiple layers of hedging techniques across multiple time horizons with the goal of maximizing gains and minimizing losses.

Prasada may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship. Prasada will explore other investment options at the client's request. Additionally, Prasada reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. Other sources that the firm may use include Morningstar mutual fund information, Morningstar stock information, and the worldwide web.

Investment Strategies

Prasada's primary investment strategy is the use of ETFs (exchange trade funds), typically SPY (ticker symbol for the ETF) collared with options to protect the downside risk. The investment strategy is discussed with client over multiple meetings to determine if the strategy is appropriate for the client. The client may change these objectives at any time. However, a change in the strategy requested by the client may terminate the relationship with Prasada.

Prasada's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. For example, longer term investment strategies require a longer investment period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Prasada's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

Interest-rate Risk: The risk that investment returns will be affected by changes in the level of interest rates. When interest rates increase, the prices and values of bonds decrease. When interest rates decrease, the prices and values of bonds increase.

Market Risk: The risk that investment returns will be affected by changes in the overall level of the stock market. When the stock market as a whole increases or decreases, virtually all stocks are affected to some degree.

Reinvestment Rate Risk: The risk incurred when an investment's income is reinvested at a lower rate than the rate that existed at the time the original investment was made. This risk is most prevalent when interest rates fall.

Purchasing Power Risk (Inflation Risk): The risk that inflation will affect the return of an investment in real dollars. In other words, the amount of goods that one dollar will purchase decreases with time. Investments that have low returns, such as savings accounts, are not likely to keep up with inflation. Investments with fixed returns, such as bonds, will decrease in value because their purchasing value will decrease with inflation.

Business Risk: The risk associated with a particular industry or firm. These are factors that affect the industry or firm, but do not affect the whole market. They include government regulations, management competency, or local or regional economic factors.

Financial Risk: The risk associated with the mix of debt and equity used to finance a firm. The greater the financial leverage, the greater the financial risk.

Currency Risk (Exchange Rate Risk): The risk that a change in the value of a foreign currency relative to the U.S. dollar will negatively affect a U.S. investor's return.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized

product. For example, Treasury Bills are highly liquid, while real estate properties are not.

In general, cash equivalents provide liquidity with minimum income, and a return of principal with no capital appreciation. Cash equivalents are, however, subject to purchasing power risk.

Fixed income investments provide current income. Usually, the longer the maturity of the security, the higher the income it will generate. Also, with longer maturities, fixed income investments will have greater price volatility and greater opportunity for capital gains or capital losses. Fixed income investments are subject to interest rate risk, reinvestment rate risk, and purchasing power risk. In addition, foreign bonds would be subject to currency rate risk and junk bonds would be subject to business risk and financial risk.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Mutual fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

Equity investments are subject to greater volatility, thus providing a greater opportunity for capital gains, and a greater opportunity for capital losses. Equity investments offer little or no current income. Equity investments are subject to market risk and interest rate risk, while providing an opportunity to protect against purchasing power risk. Also, stock mutual funds, rather than individual equities, may limit the exposure to business risk and financial risk.

Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be heightened in connection with investments in developing countries. Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Different types of investments involve varying degrees of risk, and the client should not assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by Prasada) will be profitable or equal to any specific performance level(s).

Item 9 – Disciplinary Information

Prasada has no reportable legal or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Prasada, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Prasada, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Prasada does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.

Prasada may recommend or select other investment advisors for its clients.

Item 11 – Code of Ethics

Prasada has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Prasada must acknowledge the terms of the Code of Ethics annually, or as amended.

Prasada anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Prasada has management authority to effect, and will recommend to investment supervisory clients or prospective clients, the purchase or sale of securities in which Prasada, its affiliates and/or clients, directly or indirectly, have a position of interest. Prasada's employees and persons associated with Prasada are required to follow Prasada's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Prasada and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Prasada's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Prasada will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Prasada's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Prasada and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Prasada's obligation of best execution. In such

circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Prasada will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Prasada's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting D. Carl Richards, III at (888) 424-0466 or carl@rasadacapital.com.

Prasada will not affect principal or agency cross transactions for client accounts for individual bonds. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

In the event the client requests that Prasada recommend a broker dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Prasada to use a specific broker-dealer/custodian), Prasada generally recommends Interactive Brokers (IB) or Fidelity Investment Institutional Services Company, Inc. (Fidelity). Prior to engaging Prasada to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Prasada setting forth the terms and conditions under which Prasada shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Prasada considers in recommending IB or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with Prasada, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Prasada's clients shall comply with Prasada's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction. If this occurs, it is because Prasada determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Prasada will seek competitive rates, it may not necessarily obtain the lowest possible commission or transaction rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Prasada's investment management fee. Prasada's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Prasada may receive from IB or Fidelity (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Prasada to better

monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Prasada may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Prasada in furtherance of its investment supervisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Prasada in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Prasada to manage and further develop its business enterprise.

Prasada's clients do not pay more for investment transactions effected and/or assets maintained at IB or Fidelity as a result of this arrangement. There is no corresponding commitment made by Prasada to IB, Fidelity, or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Prasada's Chief Compliance Officer, D. Carl Richards, III, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Aggregation of Client Trades

To the extent that Prasada provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Prasada decides to purchase or sell the same securities for several clients at approximately the same time. Prasada may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Prasada's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Prasada shall not receive any additional compensation or remuneration as a result of such aggregation.

Prasada's employees are not registered representatives of IB, Fidelity or any other custodian/broker-dealer and do not receive any commissions or fees from recommending these services.

Directed Brokerage

Some clients may instruct Prasada to use one or more particular brokers for the transactions in their accounts. Clients who may want to direct Prasada to use a particular broker should understand that this may prevent Prasada from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent Prasada from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that Prasada would otherwise obtain for its clients. Clients are encouraged to discuss available alternatives with their advisory representative.

Item 13 – Review of Accounts

For those clients to whom Prasada provides investment management supervisory services, account reviews will be conducted on an ongoing basis by D. Carl Richards, III. All investment supervisory clients are advised that it remains their responsibility to advise Prasada in writing of any changes in their investment objectives and/or financial situation, or if they wish to impose any reasonable restrictions on Prasada's discretionary management services. All clients (in person or electronically) are encourage to review investment objectives and account performance with Prasada on an annual basis.

Prasada may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event such as a market correction, large deposits or withdrawals from an account, substantial changes in the value of a client's portfolio, change in the client's investment objectives and client request.

Reports to Clients

The account custodian provides trade confirmation and statements to clients on at least a quarterly basis. For those clients to whom Prasada provides investment supervisory services, they will generally receive investment tax reports on an annual basis, unless otherwise agreed to with the client. Reports typically includes summaries of client portfolio performance, investment holdings and account values. Additional reports are available and will be provided on an ad hoc basis.

Item 14 – Client Referrals and Other Compensation

As referenced in Item 12 above, Prasada may receive an indirect economic benefit from IB or Fidelity. Prasada, without cost (and/or at a discount), may receive support services and/or products from IB or Fidelity.

Prasada periodically receives client referrals from websites where they may be listed. In no case will the client pay any additional fees to Prasada for services if the referral comes from any of these listings.

Item 15 – Custody

It is Prasada's policy to not accept custody of a client's securities. In other words, Prasada is not granted access to the clients' accounts which would enable Prasada to withdraw or transfer or otherwise move funds or cash from any client account to Prasada's accounts or the account of any third party (other than for purposes of fee deductions, as explained below). This is for the safety of the clients' assets.

However, with a client's consent, Prasada may be provided with the authority to seek deduction of Prasada's fees from a client's accounts.

All Prasada's clients receive account statements directly from qualified custodians, such as a bank or broker dealer that maintains those assets. The client should carefully review these account statements, and compare them to the quarterly or other reports provided by Prasada. Statements provided by Prasada may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Prasada urges all clients to compare statements in order to ensure that all account transactions, including deductions to pay advisory fees, remain proper, and to contact D. Carl Richards, III, Chief Compliance Officer, with any questions.

Item 16 – Investment Discretion

Prasada typically receives discretionary authority from the client at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. Prior to Prasada assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, granting Prasada full authority to buy, sell, or otherwise effect investment transactions. In addition, any investment discretion is obtained in writing through a limited power of attorney signed by the client prior. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Discretionary authority allows Prasada to perform trades in the client's account without further approval from the client. This includes decisions on the following:

- Securities purchased or sold
- The amount of securities to be purchased or sold

Once the portfolio is constructed, Prasada provides ongoing supervision and re-balancing of the portfolio as changes in market conditions and client circumstances may require.

Prasada seeks to undertake a minimal amount of trading in client accounts, in order to keep transaction fees, other expenses, and tax consequences associated with trading to minimal levels.

Clients who engage Prasada on a discretionary basis may, at any time, impose restrictions, in writing, on Prasada's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Prasada's use of margin, etc.).

Item 17 – Voting Client Securities

Prasada will not vote proxies on behalf of advisory clients' accounts. Although, on rare occasions and only at the client's request, Prasada may offer clients advice regarding corporate actions and the exercise of proxy voting rights.

Clients will receive their proxies or other solicitations directly from their broker-dealer/custodian.

Item 18 – Financial Information

Prasada does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance. Prasada accepts limited forms of discretion over clients' accounts, as described in Item 16 of this Brochure. Prasada is unaware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Prasada has never been the subject of a bankruptcy proceeding.

Disclosure Brochure

David Carl Richards, III, CFP® was born in 1972. He earned a B.S. in Finance from the University of Utah in 1997. Mr. Richards became the President of Clearwater Wealth Management, LLC, the successor to Prasada Capital, LLC, in November 2004.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planners (CFP®) are licensed by the CFP Board to use the CFP® mark. The following are the CFP® certification requirements as of 1/1/2011 and may not be the qualifications in place when the credential was obtained.

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Item 3 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. David Carl Richards, III has no information applicable to this item.

Item 4 – Other Business Activities

David Carl Richards, III spends approximately 40% of his time speaking and writing.

Item 5 – Additional Compensation

David Carl Richards, III has no information applicable to this item.

Item 6 – Supervision

David Carl Richards, III has no information applicable to this item.