

Disclosure Brochure

March 29, 2012

ClearPath Wealth Management, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of ClearPath Wealth Management, LLC (hereinafter "CPWM"). If you have any questions about the contents of this brochure, please contact Patrick Churchville at (401) 455-3794. 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 ClearPath Wealth Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

ClearPath Wealth Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since CPWM's last annual update dated March 31, 2011. CPWM does not have any material changes to disclose in this Item.

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Item 4. Advisory Business

CPWM is a private investment firm dedicated to serving the financial needs of a select number of wealthy individuals, families and institutions. Our mission is to provide our clients access to investments, funds and managers that would normally be out of their reach - either due to high minimum investments, limited availability or lack of connectivity. Our investment portfolios resemble the institutional class portfolios built by endowments and foundations - not the traditional stock/bond allocation that most brokerage firms recommend.

At the core of our philosophy is the desire to manage investment risk. We believe that risk can only be managed through true diversification of asset classes. Our investments include:

Public Equity	Commodities
Private Equity	Real Estate
Public Bonds	Hedge Funds
Private Bonds	Private Placements

If we do our job properly, each client will have the confidence and freedom to live their lives knowing that their investments are being managed diligently and with their best interests at heart. That is CPWM's ultimate mission and our reason for being in business.

CPWM provides financial planning and investment management services. Prior to engaging CPWM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with CPWM setting forth the terms and conditions under which CPWM renders its services (collectively the "Agreement").

CPWM has been in business as an SEC registered investment adviser since January 3, 2008. Patrick Churchville is the principal owner of CPWM.

As of March 5, 2012, CPWM had \$71,666,094 of assets under management, all of which are managed on a discretionary basis.

This Disclosure Brochure describes the business of CPWM. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of CPWM's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on CPWM's behalf and is subject to CPWM's supervision or control.

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Financial Planning Services

CPWM may provide its clients with a broad range of comprehensive financial planning services. These services include retirement, education, estate planning, and tax and cash flow needs of the client.

In performing its services, CPWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. CPWM may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if CPWM recommends its own services. The client is under no obligation to act upon any of the recommendations made by CPWM under a financial planning or consulting engagement or to engage the services of any such recommended professional, including CPWM itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of CPWM's recommendations. Clients are advised that it remains their responsibility to promptly notify CPWM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising CPWM's previous recommendations and/or services.

Investment Management Services

Clients can engage CPWM to manage all or a portion of their assets on a discretionary basis.

CPWM primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds, exchange-traded funds ("ETFs"), as well as publicly traded commodity funds in accordance with the investment objectives of the client. In addition, CPWM may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. CPWM also provides advice about any type of investment held in clients' portfolios.

CPWM also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, or other products that may not be held by the client's primary custodian. In so doing, CPWM either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

CPWM tailors its advisory services to the individual needs of clients. CPWM consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. CPWM ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

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Clients are advised to promptly notify CPWM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon CPWM's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in CPWM's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Use of Independent Managers

As mentioned above, CPWM recommends that clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between CPWM or the client and the designated *Independent Managers*. CPWM renders services to the client relative to the discretionary selection of *Independent Managers*. CPWM also monitors and reviews the account performance and the client's investment objectives. CPWM receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, CPWM reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that CPWM considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, CPWM's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by CPWM, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to CPWM's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than CPWM. In such instances, CPWM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

If CPWM refers a client to an *Independent Manager* where CPWM's compensation is included in the advisory fee charged by such *Independent Manager* and the client engages the *Independent Manager*, CPWM is compensated for its services by receipt of a fee to be paid directly by the *Independent Manager* to CPWM in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940,

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as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee is paid solely from the *Independent Manager's* investment management fee, and does not result in any additional charge to the client.

Management of Collective Investment Vehicle

CPWM is the investment manager of ClearPath Private Equity Fund, L.P. ("*Fund 1*"), ClearPath Alternative Investments Fund, L.P. ("*Fund 2*"), and ClearPath Healthcare Receivables Investment Funds, L.P. ("*Fund 3*") (collectively referred to as "*Funds*"). In addition, affiliates of CPWM act as the general partner for the *Funds*. Interests in the *Funds* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Funds* currently rely on an exemption from registration under the Investment Company Act of 1940, as amended.

Fund 1 and *Fund 2* have been established to generate returns, principally through long-term capital appreciation by making, holding, and disposing of certain investments in partnerships, limited liability companies, corporations, and certain other investment entities, and all activities related thereto. *Fund 3* has been established to generate returns through long-term capital appreciation, by making, holding and disposing of certain investments in healthcare receivables, equity, debt, partnerships, limited liability companies, corporations, and certain other investment entities.

Participation as an investor in the *Funds* is restricted to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Investment Advisers Act of 1940, as well as are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, and "qualified purchasers" as defined under the Investment Company Act of 1940, as amended.

If eligible, CPWM may recommend that certain clients invest in the *Funds*. Investment in the *Private Fund* involves a significant degree of risk. All relevant information, terms and conditions relative to the *Funds*, including the compensation received by CPWM or an affiliate, withdrawal rights, minimum investments, qualification requirements, suitability, risk factors, potential conflicts of interest, are set forth in the relevant confidential private offering memorandum (the "*Memorandum*"), investor agreement, and Subscription Agreement (the *Memorandum*, investor agreement and Subscription Agreement together the "*Offering Documents*"), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Funds*.

Item 5. Fees and Compensation

CPWM offers its services for an annual fee based upon assets under management.

Investment Management Fee

CPWM provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by CPWM. CPWM's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. CPWM does not, however, receive any portion of these commissions, fees, and costs. CPWM's annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by CPWM on the last day of the previous month. The annual fee varies (between 1.00% and 2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

CPWM, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Financial Planning Fees

CPWM's investment management fee is generally inclusive of any financial planning investment-related services. CPWM may provide limited financial planning services on investment related matters for which CPWM will not receive additional compensation.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), CPWM generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") or Millennium Trust Company, LLC ("*Millennium*") for investment management accounts.

CPWM may only implement its investment management recommendations after the client has arranged for and furnished CPWM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, *Millennium*, any other broker-dealer recommended by CPWM, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are 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. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to CPWM's fee.

CPWM's *Agreement* and the separate agreement with any *Financial Institutions* may authorize CPWM or *Independent Managers* to debit the client's account for the amount of CPWM's fee and to directly remit that management fee to CPWM or the *Independent Managers*. Any *Financial Institutions* recommended by CPWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to CPWM.

Fees for Management During Partial Months of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between CPWM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. CPWM's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to CPWM's right to terminate an account. Additions may be in cash or securities provided that CPWM reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to CPWM, subject to the usual and customary securities settlement procedures. However, CPWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. CPWM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a month that exceed \$250,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the month. For partial withdrawals in excess of \$250,000 within a billing period, CPWM will credit its unearned fee towards the next month's fee.

Item 6. Performance-Based Fees and Side-by-Side Management

CPWM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

CPWM provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimums Imposed By Independent Managers

CPWM does not impose a minimum portfolio size or minimum annual fee. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than CPWM. In such instances, CPWM may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis

CPWM's primary methods of analysis are fundamental, technical and cyclical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. CPWM will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that CPWM will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that CPWM is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Investment Strategies

Private Asset Management

To ensure that clients' assets are being properly managed, CPWM has established alliances with certain private money managers, both traditional and alternative, to provide access to these investments at below their traditional minimum asset and fee levels. CPWM allocates assets among various managers according to the client's financial plan, and continually monitors each manager for both performance and business practices.

Professional Money

CPWM believes that in today's capital markets with the instant exchange of information, and increased volatility due to social and economic uncertainties, clients' assets need to be properly allocated and monitored by a professional with considerable knowledge and experience of the specific area in which they are investing.

In order to accomplish this, CPWM has established strategic alliances with certain private money managers. Qualifying firms must continually pass through a rigorous screening process conducted by CPWM's Consulting Services Group. This team is comprised of Certified Financial Analysts who have been trained specifically to conduct this due diligence. CPWM's process for selecting and monitoring investment managers is as follows:

- *Investor Profile* – CPWM develops a specific profile of client characteristics, including risk tolerance, time horizon, and desire for return.
- *Asset Allocation* – Utilizing the Investor Profile, CPWM calculates what it believes to be the most efficient combination of asset classes based on the client's risk tolerance.
- *Investment Manager Selection* – Managers are selected and assets are deployed to them in accordance with the percentage determined in the client's asset allocation model.
- *Performance Review* – The performance of individual managers and the overall portfolio is compared to the appropriate indices. The Investor Profile is updated to reflect any major changes and assets are reallocated or rebalanced as necessary. CPWM confirms that existing managers remain suitable based upon the revised Investor Profile & Asset Allocation.

In addition to traditional investments, CPWM has alliances with a wide array of "Alternative Investment" managers. These managers, including hedge funds, ETFs, and managed futures funds, when combined in the proper proportions with traditional styles, may add tremendous value in terms of diversification during times of extreme volatility and inactivity.

Although past performance does not guarantee future results, historical performance data is available for each individual manager. Once client asset allocation has been determined, a hypothetical illustration will be provided to the client for the recommended portfolio.

Importance of Asset Allocation

No asset class consistently outperforms the others, and it is impossible to predict which asset classes will be the leaders in coming years.

The Callan Periodic Table of Investment Returns conveys an enormous amount of information. Above all, the Table shows that the case for diversification across investment styles (growth vs. value), capitalization (large vs. small), and equity markets (U.S. vs. international) is strong.

Needs Assessment

A critical part of the Financial Planning process is determining not only what clients want in life, but also their basic financial needs. In addition to demanding work obligations, clients often have a number of personal financial issues that demand attention. Once the financial plan is complete, clients should be able to focus on the other area of their lives, confident in the fact that their personal finances are in order.

As a failsafe, CPWM's system of checks and balances enables CPWM to continually monitor client needs and update plans to reflect any life changes, the capital market changes, or new investment-related legislation.

The ultimate goal of the Financial Planning process is to ensure that clients' needs have been identified and that plans are designed and implemented to fulfill them.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

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

Options

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Market Risks

The profitability of a significant portion of CPWM’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that CPWM will be able to predict those price movements accurately.

Use of Independent Managers

CPWM may recommend the use of *Independent Managers* for certain clients. CPWM will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, CPWM does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Use of Private Collective Investment Vehicles

CPWM may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Use of Margin To the extent that a client authorizes the use of margin, and margin is thereafter employed by CPWM in the management of the client’s investment portfolio, the market value of the client’s account and corresponding fee payable by the client to CPWM will not be increased.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client’s portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client’s securities and/or other assets. Under

certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

CPWM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. CPWM does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

CPWM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. CPWM does not have any such disclosures.

Item 11. Code of Ethics

CPWM and persons associated with CPWM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with CPWM's policies and procedures.

CPWM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by CPWM or any of its associated persons. The *Code of Ethics* also requires that certain of CPWM's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in CPWM's *Code of Ethics*, none of CPWM's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of CPWM's clients.

When CPWM is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when CPWM is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

As discussed above in response to Item 4, affiliates of CPWM are general partners to the *Funds*. CPWM may recommend, on a fully disclosed basis, that certain clients invest in the *Funds*. As such, a conflict of interest exists to the extent that CPWM recommends that clients invest in *Funds*. CPWM does not receive any additional compensation if a client invests in the *Funds*. As such, CPWM does not believe this arrangement poses any additional conflict of interest.

Clients and prospective clients may contact CPWM to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, CPWM generally recommends that clients utilize the brokerage and clearing services of *Fidelity* or *Millennium*.

Factors which CPWM considers in recommending *Fidelity*, *Millennium*, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* and *Millennium* enable CPWM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* or *Millennium* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by CPWM's clients comply with CPWM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where CPWM determines that the commissions are 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 a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. CPWM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

CPWM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct CPWM in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and CPWM will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by CPWM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, CPWM may decline a client's request to direct brokerage if, in CPWM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless CPWM decides to purchase or sell the same securities for several clients at approximately the same time. CPWM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among CPWM'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 generally be averaged as to price and allocated among CPWM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent

that CPWM determines to aggregate client orders for the purchase or sale of securities, including securities in which CPWM's *Supervised Persons* may invest, CPWM generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. CPWM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that CPWM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or 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; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, CPWM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist CPWM in its investment decision-making process. Such research generally will be used to service all of CPWM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because CPWM does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

CPWM may receive from *Fidelity* or *Millennium*, without cost to CPWM, computer software and related systems support, which allow CPWM to better monitor client accounts maintained at *Fidelity* and *Millennium*. CPWM may receive the software and related support without cost because CPWM renders investment management services to clients that maintain assets at *Fidelity* or *Millennium*. The software and related systems support may benefit CPWM, but not its clients directly. In fulfilling its duties to its clients, CPWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that CPWM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence CPWM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

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Additionally, CPWM may receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For those clients to whom CPWM provides investment management services, CPWM monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom CPWM provides financial planning services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of the Principals of CPWM, Patrick Churchville or Ryan Balon. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with CPWM and to keep CPWM informed of any changes thereto. CPWM contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom CPWM provides investment advisory services will also receive a report from CPWM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance from time to time. Clients should compare the account statements they receive from their custodian with those they receive from CPWM.

Those clients to whom CPWM provides financial planning services will receive reports from CPWM summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by CPWM.

Item 14. Client Referrals and Other Compensation

CPWM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, CPWM is required to disclose any direct or indirect compensation that it provides for client referrals. CPWM does not have any required disclosures to this Item.

Item 15. Custody

CPWM's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize CPWM through such *Financial Institution* to debit the client's account for the amount of CPWM's fee and to directly remit that management fee to CPWM in accordance with applicable custody rules.

The *Financial Institutions* recommended by CPWM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to CPWM. In addition, as discussed in Item 13, CPWM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from CPWM.

Item 16. Investment Discretion

CPWM is given the authority to exercise discretion on behalf of clients. CPWM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. CPWM is given this authority through a power-of-attorney included in the agreement between CPWM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). CPWM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

CPWM may vote client securities (proxies) on behalf of its clients. When CPWM accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in CPWM's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in CPWM's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact CPWM to request information about how CPWM voted proxies for that client's securities or to get a copy of CPWM's Proxy Voting Policies and Procedures. A brief summary of CPWM's Proxy Voting Policies and Procedures is as follows:

- CPWM has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to CPWM's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, CPWM devotes an appropriate amount of time and resources to monitor these changes.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that CPWM maintains with persons having an interest in the outcome of certain votes, CPWM takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18. Financial Information

CPWM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, CPWM is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. CPWM has no disclosures pursuant to this Item.

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Prepared by:



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