

# Disclosure Brochure

March 29, 2019

## **Clearview Investment Partners, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Clearview Investment Partners, LLC (hereinafter "CVIP"). If you have any questions about the contents of this brochure, please contact Kenneth G. Hobbs at (949) 200-1560. 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 Clearview Investment Partners, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Clearview Investment Partners, 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 CVIP's last annual amendment dated March 31, 2018. CVIP does not have any material changes to disclose in this Item.

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## Item 4. Advisory Business

CVIP provides wealth management services. Prior to engaging CVIP to provide investment advisory services, the client is required to enter into one or more written agreements with CVIP setting forth the terms and conditions under which CVIP renders its services (collectively the “*Agreement*”).

CVIP has been in business as an SEC registered investment adviser since April 23, 2009. Kenneth G. Hobbs, Kevin B. Arnold, Alan A. Flores, and Raymond M. Lombardo are the principal owners of CVIP.

As of December 31, 2018, CVIP had \$140,143,589 of assets under management; \$138,402,736 of which was managed on a discretionary basis and \$1,740,853 was managed on a non-discretionary basis.

This Disclosure Brochure describes the business of CVIP. Certain sections also describe the activities of *Supervised Persons*. *Supervised Persons* are any of CVIP’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 CVIP’s behalf and is subject to CVIP’s supervision or control.

### Wealth Management Services

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CVIP provides clients with wealth management services which include a broad range of comprehensive financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios. Clients can engage CVIP to manage all or a portion of their assets on a discretionary or non-discretionary basis. As needed, CVIP will develop a comprehensive financial plan and/or provide ongoing financial planning services which may take into consideration business planning, investment, insurance, retirement, education, estate planning, and tax and cash flow needs of the client.

In performing its services, CVIP 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. CVIP may recommend the services of itself, its *Supervised Persons* and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if CVIP recommends its own services or those offered by its *Supervised Persons*. The client is under no obligation to act upon any of the recommendations made by CVIP under a financial planning or consulting engagement or to engage the services of any such recommended professional, including CVIP or any of its *Supervised Persons*. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of CVIP’s recommendations. Clients are advised that it remains their responsibility to promptly notify CVIP if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising CVIP’s previous recommendations and/or services.

CVIP primarily allocates clients’ investment management assets among mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities and *Independent Managers* (as defined below), in accordance with the investment objectives of the client. In addition, CVIP 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. CVIP also provides advice about any type of investment held in clients’ portfolios.

CVIP also can 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, CVIP 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.

CVIP tailors its advisory services to the individual needs of clients. CVIP 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. CVIP ensures that clients’ investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify CVIP if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon CVIP’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 CVIP’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**

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As mentioned above, CVIP recommends that certain 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 CVIP or the client and the designated *Independent Managers*. CVIP renders services to the client relative to the discretionary recommendation or selection of *Independent Managers*. CVIP also monitors and reviews the account performance and the client’s investment objectives. CVIP 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, CVIP 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 CVIP 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, CVIP's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by CVIP, the designated *Independent Managers*, and any corresponding broker-dealer and custodian.

In addition to CVIP'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 CVIP. In such instances, CVIP may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

## Item 5. Fees and Compensation

CVIP offers its services on a fee basis, which can include fixed fees as well as fees based upon assets under management.

### **Wealth Management Fee**

CVIP provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by CVIP. CVIP'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. CVIP does not, however, receive any portion of these commissions, fees, and costs. CVIP's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by CVIP on the last day of the previous quarter. The annual fee varies (between 0.10% and 1.25%) depending upon the market value of the assets under management and the type of wealth management services to be rendered, as follows:

#### Equity & Balanced

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
up to \$250,000	1.25%
\$250,001 - \$500,000	1.10%
\$500,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.85%
\$2,000,001 - \$5,000,000	0.65%
above \$5,000,000	Negotiable

#### Fixed

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
up to \$250,000	1.00%
\$250,001 - \$500,000	0.85%
\$500,001 - \$1,000,000	0.70%
\$1,000,001 - \$2,000,000	0.55%
\$2,000,001 - \$5,000,000	0.40%
above \$5,000,000	Negotiable

Managed (Equity & Balanced)

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
up to \$250,000	0.80%
\$250,001 - \$500,000	0.70%
\$500,001 - \$1,000,000	0.60%
\$1,000,001 - \$2,000,000	0.50%
\$2,000,001 - \$5,000,000	0.40%
above \$5,000,000	0.25%

Managed (Fixed Income)

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
up to \$250,000	0.40%
\$250,001 - \$500,000	0.35%
\$500,001 - \$1,000,000	0.30%
\$1,000,001 - \$2,000,000	0.20%
above \$2,000,000	0.10%

Certain pre-existing clients may be subject to a different fee schedule. Moreover, certain wealth management accounts may be subject to a fixed fee, which is negotiated prior to rendering the services.

CVIP, 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.).

**Fees Charged by Financial Institutions**

As further discussed in response to Item 12 (below), CVIP generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

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



In addition to CVIP's fees, clients 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), margin costs, reporting charges, fees related to alternative investments, 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.

CVIP's wealth management *Agreement* and the client's separate agreement with any *Financial Institutions* generally authorize CVIP or *Independent Managers* to debit the client's account for the amount of CVIP's fee and to directly remit that management fee to CVIP or the *Independent Managers*. Any *Financial Institutions* that serve as qualified custodians for CVIP's clients 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 CVIP.

#### **Fees for Management During Partial Quarters of Service**

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

The *Agreement* between CVIP and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. CVIP'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 CVIP's right to terminate an account. Additions may be in cash or securities provided that CVIP 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 CVIP, subject to the usual and customary securities settlement procedures. However, CVIP designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. CVIP 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 quarter, the fee payable with respect to such assets may not be adjusted or prorated based on the number of days remaining in the quarter.

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

CVIP 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

CVIP provides its services to individuals, trusts, estates, corporations and business entities.

### Minimum Account Size

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As a condition for starting and maintaining a relationship, CVIP generally imposes a minimum portfolio size of \$250,000. CVIP, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities. CVIP only accepts clients with less than the minimum portfolio size if, in the sole opinion of CVIP, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. CVIP may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than CVIP. In such instances, CVIP 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

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

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. CVIP 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 CVIP 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 CVIP is recommending. The risks with cyclical analysis are similar to those of technical analysis.

### Investment Strategies

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CVIP selects securities for each client's account based on asset allocation decisions or principal protection, rather than decisions about the attractiveness of any one particular security. Specifically, CVIP determines the mix of securities that offers the best combination of potential return balanced against each client's goals and risk tolerances.

After determining which proprietary asset allocation model best fits a client's goals and objectives, risk tolerances and time horizon(s), CVIP primarily invests in mutual funds (both open and closed-end), ETFs, individual stocks, treasury bonds, corporate bonds and municipal bonds to fill the allocation of securities in the client's account. CVIP uses bottom-up fundamental analysis when selecting securities for client portfolios. Accounts/portfolios are rebalanced on a regular basis.

In addition to fundamental analysis and technical analysis, CVIP engages in ongoing discussions with the client to determine if another model may be more effective in helping the client achieve his/her goals within the context of secular or cyclical changes in the markets as well as changes in the client's risk tolerances.

## Risks of Loss

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### *General Risk of Loss*

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

### *Market Risks*

The profitability of a significant portion of CVIP'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 CVIP will be able to predict those price movements accurately.

### *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.

### *Use of Independent Managers*

CVIP may recommend the use of *Independent Managers* for certain clients. CVIP will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, CVIP 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*

CVIP 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.

#### *Management Through Similarly Managed Accounts*

For certain clients, CVIP may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, CVIP buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

CVIP’s management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. As further discussed in response to Item 12, CVIP allocates investment opportunities among its clients on a fair and equitable basis.

## **Item 9. Disciplinary Information**

CVIP 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. CVIP does not have any required disclosures to this Item.

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

CVIP is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. CVIP has described such relationships and arrangements below.

### Registration as Insurance Agency

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CVIP is a duly licensed insurance agency. Additionally, certain of CVIP's *Supervised Persons*, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that CVIP or its *Supervised Persons* recommend the purchase of insurance products where CVIP or its *Supervised Persons* receive insurance commissions or other additional compensation.

## Item 11. Code of Ethics

CVIP has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of certain persons associated with CVIP ("associated persons"). The *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by CVIP or any of its associated persons. The *Code of Ethics* also requires that certain of CVIP'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.

CVIP and persons associated with CVIP ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with CVIP's policies and procedures. Unless specifically permitted in CVIP's *Code of Ethics*, none of CVIP'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 CVIP's clients.

When CVIP 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 CVIP 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 open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

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

## Item 12. Brokerage Practices

As discussed above, in Item 5, CVIP generally recommends that clients utilize the brokerage and clearing services of *Schwab*.

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

The commissions paid by CVIP's clients comply with CVIP'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 CVIP 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. CVIP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

CVIP 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 CVIP 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 CVIP 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 CVIP (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, CVIP may decline a client's request to direct brokerage if, in CVIP's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless CVIP decides to purchase or sell the same securities for several clients at approximately the same time. CVIP 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 CVIP'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 CVIP's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that CVIP determines to aggregate client orders for the purchase or sale of securities, including securities in which CVIP's *Supervised Persons* may invest, CVIP 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. CVIP does not receive any additional compensation or remuneration as a result of the aggregation. In the event that CVIP 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 such 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, CVIP 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.

#### **Software and Support Provided by Financial Institutions**

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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 CVIP in its investment decision-making process. Such research generally will be used to service all of CVIP'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 CVIP does not have to produce or pay for the products or services.

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

Additionally, CVIP may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional 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 CVIP provides wealth management services, CVIP monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of CVIP's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with CVIP and to keep CVIP informed of any changes thereto. CVIP 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 CVIP provides investment advisory services will also receive a report from CVIP that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance as clients may request from time to time. Clients should compare the account statements they receive from their custodian with those they receive from CVIP.

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

CVIP 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, CVIP is required to disclose any direct or indirect compensation that it provides for client referrals. CVIP does not have any required disclosures to this Item.

### **Item 15. Custody**

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

The *Financial Institutions* that serve as qualified custodian for CVIP's client accounts 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 CVIP. In addition, as discussed in Item 13, CVIP 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 CVIP.

## Item 16. Investment Discretion

In most circumstances, CVIP is given the authority to exercise discretion on behalf of clients. CVIP 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. CVIP is given this authority through a power-of-attorney included in the agreement between CVIP and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). CVIP 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

CVIP is required to disclose if it accepts authority to vote client securities. CVIP does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

## Item 18. Financial Information

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

## **Clearview Investment Partners, LLC**

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Prepared by:



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