

**Item 1: Cover Page**



**Appendix 1 of Part 2A**  
**Clear Perspective Advisors, LLC**  
**Wrap Fee Program Brochure**

March 19, 2019

**Clear Perspective Advisors, LLC**

SEC File No. 801-72318

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This brochure provides information about the qualifications and business practices of Clear Perspective Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at [sbeach@clearperspectiveadvisors.com](mailto:sbeach@clearperspectiveadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Registration by the SEC does not impute or imply any special skills or expertise of the advisory firm or its professionals.

Additional information about Clear Perspective Advisors, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the 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. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4: Services, Fees, and Compensation

### A. Description of Your Advisory Firm

Clear Perspective Advisors, LLC ("Clear Perspective" and/or the "firm"), is an Illinois limited liability company and an SEC-registered investment adviser. Clear Perspective has three Managers: Stewart Beach, Michael Morcos, and Jonathan Hylton. Clear Perspective has been offering investment advisory and financial planning services since July 2011.

#### A.1. Description of Advisory Services Offered

Clear Perspective offers its portfolio management services under a wrap fee program sponsored by the firm. For its discretionary asset management services, Clear Perspective receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 6.C. of this Brochure.

Clear Perspective's discretionary asset management services are predicated on creating diversified portfolios consisting of individual securities, mutual funds, and exchange-traded funds. The portfolio allocation chosen seeks a projected return potential consistent with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. In preparing the asset allocation, Clear Perspective will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and make appropriate portfolio implementation decisions. Clear Perspective may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, Clear Perspective may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

Clear Perspective will prepare an investment policy statement based on the client's investment objectives, goals, tolerance for risk, and such other factors unique to the client and provide appropriate recommendations. On a quarterly basis, Clear Perspective, in connection with a third-party service provider, will provide such clients with reports regarding the performance of their portfolios. In addition, Clear Perspective will monitor those portfolios and make additional implementation decisions or recommendations from time to time to rebalance and/or reallocate each client's investments as necessary.

Clear Perspective's investment advisory services to clients, as noted above, take into account a client's personal financial circumstances, investment objectives, and tolerance for risk (e.g., cash-flow, tax, and estate). Clear Perspective's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Clear Perspective in response to a questionnaire and/or in discussions with the client and reviewed in meetings with the firm.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.

- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds, and exchange-traded funds.
- Reporting to the client on a quarterly basis or at some other interval agreed to with the client, information on contributions and withdrawals in the client's investment portfolio and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the client's investment policy statement and/or targeted asset allocation in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund or manager retained by the client.
- If the client's portfolio and personal circumstances, investment objectives, and tolerance for risk make such advice appropriate, providing recommendations to hedge a client's portfolio through the use of derivative strategies, to generate additional income through the use of covered call option writing strategies involving exchange listed or OTC options, and/or to monetize or hedge concentrated stock positions.

In addition to providing Clear Perspective with information regarding their personal financial circumstances, investment objectives, and tolerance for risk, clients are required to provide Clear Perspective with any reasonable investment restrictions that should be imposed on the management of their portfolios and to promptly notify Clear Perspective of any changes in such restrictions or in their personal financial circumstances, investment objectives, goals, and tolerance for risk. On a quarterly basis, Clear Perspective's reports to clients will remind them of their obligation to inform Clear Perspective of any such changes or any restrictions that should be imposed on the management of their accounts. Clear Perspective will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives, and tolerance for risk.

## A.2. Fees and Compensation

### A.2.a. Fee Schedule

Clients will be charged as a percentage of assets under supervision. The fees will be computed in the following manner and charged monthly in arrears:

Basis point charge X market value of assets X actual number of days/365 days

Clear Perspective's asset-based fee schedule for accounts is detailed below, although such fee schedule is negotiable.

#### *Tiered Pricing Schedule ( Clear Perspective Managed Assets)*

<u>Assets Under Management</u>	<u>Annual Fee Rate</u>
First \$1,000,000	1.45%
Next \$1,000,000	1.20%
Next \$2,000,000	1.05%
Next \$2,000,000	0.95%

Next \$2,000,000	0.85%
Over \$8,000,000	0.70%

Clear Perspective generally requires a minimum account value of \$250,000 for accounts it manages on a discretionary basis. Clients may be able to find comparable services at more favorable pricing elsewhere. Clear Perspective, in its sole discretion, may waive the required minimum.

These fees include charges for all transaction costs, such as commissions on purchases and sales of stocks, bonds, exchange-traded funds and options, trade-away fees on bonds, and non-NTF mutual fund transaction fees. Except as otherwise provided below, the client will incur no charges other than advisor's fee pursuant to the above fee schedule in connection with maintenance of and activity in the client's account. The wrap fee does not include management, administrative, and marketing fees and expenses for mutual and exchange-traded funds. To the extent securities transactions are effected away from the custodian, there may be commission mark-ups and mark-downs that the client will pay in addition to the wrap fee.

Asset-based fees are always subject to the investment advisory agreement between the client and Clear Perspective. Generally, fees will be charged monthly in arrears. The client and the client's custodian or broker-dealer will be invoiced at the end of each calendar month, based upon the market value (market value plus any credit balance or minus any debit balance) of the client's account at the end of such month, as mutually agreed upon by the client and Clear Perspective. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month.

The trading cost component of the above-mentioned advisory fees are estimated to range from \$500 to \$2,000 per account per year.

#### **A.2.b. Important Disclosure – Custodian Investment Programs**

Please be advised that the firm utilizes Pershing and Schwab (collectively herein referred to as "custodian") as its primary custodians, which is described in detail under Section 12 of this Part 2A disclosure brochure. Under this arrangement we can access certain investment programs offered by our custodian that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

***Limitation on Mutual Fund Universe for Custodian Investment Programs:*** There are certain programs offered by our custodian in which the firm participates that limit the types of mutual funds and mutual fund share classes to those in which our custodian has negotiated the receipt of 12b-1 and/or other revenue sharing fee payments from the mutual fund issuer or sponsor. As such, a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client. Such fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or

mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation. Such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation, and where the broker-dealer receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients. Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios.

***Additional Disclosure Concerning Wrap Programs:*** In addition, our custodian offers certain wrap fee programs that (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Our wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described elsewhere in this Brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees borne by the client. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Should a client prefer an A-Share class or mutual fund share class that has embedded 12b-1 and/or revenue sharing fees, then the utilization of such funds within the wrap fee program requires specific written client consent acknowledging the conflict. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

## **B. Disclosure of Cost Difference if Services Purchased Separately**

Depending on a number of factors, such as the number, size, and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were

provided on a separate basis, either as asset-based fees or transaction-based fees. Bundled fees (where the adviser assumes the cost of processing the trade) generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transactions fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

## **C. Additional Client Fees and Terms of Payment**

### **C.1. Client Payment of Fees**

Clear Perspective will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **C.2. Prepayment of Client Fees**

Clear Perspective does not require the prepayment of its fees. Such fees will either be paid directly by the client or disbursed to Clear Perspective by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

A client investment advisory agreement may be canceled at any time by the client, or by Clear Perspective with 30 days' prior written notice to the client. A consulting or financial planning agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination of any account, any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **C.3. Additional Fees**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange-traded funds. Such fees and expenses are described in each fund's prospectus. Clients are advised to read these materials carefully before investing. Please refer to the Brokerage Practices section (Item 9.B.2) for additional information regarding the firm's brokerage practices.



## **D. Compensation for Recommending the Clear Perspective Wrap Fee Program**

The Clear Perspective Advisors Wrap Fee Program is a proprietary product offered exclusively through Clear Perspective. As such, there are no conflicts of interest in that there are no commissions paid for selling the Clear Perspective Advisors Wrap Fee Program.

## **E. External Compensation for the Sale of Securities to Clients**

Clear Perspective financial advisors are compensated primarily through advisory fees. Clear Perspective may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. Clear Perspective's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Investment adviser representatives, in their capacity as a Ausdal Financial Partners registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's Ausdal Financial Partners brokerage account unless commissions earned on such securities transactions occurred at least a 12–18 months prior to the transfer. Please see Item 9.A.2.c for detailed information and conflicts and interest.

## **F. Client Assets Under Management**

As of December 31, 2018, Clear Perspective has \$331,120,966 of discretionary and \$75,623,216 of non-discretionary assets under management.

## **Item 5: Account Requirements and Types of Clients**

Clear Perspective offers its investment services to various types of clients, including individuals and high-net-worth individuals, trusts, pension and profit sharing plans, charitable organizations, corporations, partnerships, retirement and 401(k) plans, tax exempt, and other legal entities. Although Clear Perspective provides investment services to the various types of clients mentioned, the services are conditioned upon meeting certain minimum criteria established by the firm for each of the investment programs it offers.

Clear Perspective generally requires a minimum account value of \$250,000 for accounts it manages on a discretionary basis. Clients may be able to find comparable services at more favorable pricing elsewhere. Clear Perspective, in its sole discretion, may waive the required minimum.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Portfolio Manager Selection and Review**

Clear Perspective is the sole sponsor and sole portfolio manager for the Clear Perspective Advisors Wrap Fee Program.

### **B. Participation in Wrap Fee Programs**

Clear Perspective offers only its proprietary Clear Perspective Advisors Wrap Fee Program. The firm does not participate in any third-party wrap fee programs.

### **C. Clear Perspective Acts as Both a Wrap Fee Sponsor and Portfolio Manager**

The Clear Perspective Advisors Wrap Fee Program is a proprietary product offered exclusively through Clear Perspective. Other than offering its Clear Perspective Advisors Wrap Fee Program, the firm does not participate in wrap fee programs.

#### **C.1. Clear Perspective Wrap Fee Program**

Clear Perspective offers its portfolio management services under a wrap fee program sponsored by the firm. For its discretionary asset management services, Clear Perspective receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 6.C. of this Brochure.

Clear Perspective's discretionary asset management services are predicated on creating diversified portfolios consisting of individual securities, mutual funds, and exchange-traded funds. The portfolio allocation chosen seeks a projected return potential consistent with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. In preparing the asset allocation, Clear Perspective will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and make appropriate portfolio implementation decisions. Clear Perspective may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, Clear Perspective may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

Clear Perspective will prepare an investment policy statement based on the client's investment objectives, goals, tolerance for risk, and such other factors unique to the client and provide appropriate recommendations. On a quarterly basis, Clear Perspective, in connection with a third-party service provider, will provide such clients with reports regarding the performance of their portfolios. In addition, Clear Perspective will monitor those portfolios and make additional implementation decisions or recommendations from time to time to rebalance and/or reallocate each client's investments as necessary.

Clear Perspective's investment advisory services to clients, as noted above, take into account a client's personal financial circumstances, investment objectives, and tolerance for risk (e.g., cash-flow, tax, and estate). Clear Perspective's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Clear Perspective in response to a questionnaire and/or in discussions with the client and reviewed in meetings with the firm.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.
- Implementing and/or recommending individual equity and fixed income securities, mutual funds, and exchange-traded funds.
- Reporting to the client on a quarterly basis or at some other interval agreed to with the client, information on contributions and withdrawals in the client's investment portfolio and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the client's investment policy statement and/or targeted asset allocation in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund or manager retained by the client.
- If the client's portfolio and personal circumstances, investment objectives, and tolerance for risk make such advice appropriate, providing recommendations to hedge a client's portfolio through the use of derivative strategies, to generate additional income through the use of covered call option writing strategies involving exchange listed or OTC options, and/or to monetize or hedge concentrated stock positions.

In addition to providing Clear Perspective with information regarding their personal financial circumstances, investment objectives, and tolerance for risk, clients are required to provide Clear Perspective with any reasonable investment restrictions that should be imposed on the management of their portfolios and to promptly notify Clear Perspective of any changes in such restrictions or in their personal financial circumstances, investment objectives, goals, and tolerance for risk. On a quarterly basis, Clear Perspective's reports to clients will remind them of their obligation to inform Clear Perspective of any such changes or any restrictions that should be imposed on the management of their accounts. Clear Perspective will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives, and tolerance for risk.

## **C.2. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

### **C.3. Management of Wrap Fee Program**

The Clear Perspective Advisors Wrap Fee Program is the only asset management program offered by Clear Perspective.

### **C.4. Performance-Based Fees and Side-by-Side Management**

Clear Perspective does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

### **C.5. Methods of Analysis, Investment Strategies and Risk of Loss**

Clear Perspective uses a variety of sources of data to conduct our economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Clear Perspective and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to attempt the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Clear Perspective reviews research material prepared by others, reviews corporate filings, corporate rating services, and a variety of financial publications. Clear Perspective may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **C.5.a. Important Disclosure – Custodian Investment Programs**

Please be advised the firm utilizes Pershing and Schwab as its primary custodians, which is described in detail under Item 9.B.2 of this Part 2A disclosure brochure. Under this

arrangement we can access certain investment programs offered by our custodian that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please see Item 4.A.2. of this Brochure for detailed information.

## **C.6. Investment Strategy, Method of Analysis, and Material Risks**

### **C.6.a. Leverage**

Although Clear Perspective, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Clear Perspective will utilize leverage. In this regard please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor. In addition, the use of leverage enhances the price volatility of the collateral securities which can result in significant loss.

Broker-dealers that carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to satisfy a required margin deposit or withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **C.6.b. Short-Term Trading**

Although Clear Perspective, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

**C.6.c. Short Selling**

Clear Perspective generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the borrowed security.

**C.6.d. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Clear Perspective as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading
- Short call option strategy
- Short put option strategy
- Equity collars
- Long straddles

**C.6.d.1. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client's portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

**C.6.d.2. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

**C.6.d.3. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

**C.6.d.4. Option Spreading**

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder “locks in” a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; clients may contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

**C.6.d.5. Short Call Option Strategy**

Short call option strategy is highly speculative and has theoretical potential for unlimited loss. The seller (writer) of the call option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain below the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security increase above the contract strike price, then the option writer can either purchase the call option at a loss, or through a process of exercise and assignment be forced to sell the stock at the contract strike price. If this happens, the option writer will have to go in the open market and buy an equivalent amount of stock to cover the sale at prices that can be materially higher than the amount received from the sale.

**C.6.d.6. Short Put Option Strategy**

Short put option strategy is highly speculative and has theoretical potential for significant loss. The seller (writer) of the put option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain above the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security decrease below the contract strike price, the option writer can either purchase the put option at a loss,



or through a process of exercise and assignment be forced to buy the stock at the contract strike price. If this happens, the option writer will be purchasing the underlying security at a price potentially well above its then-current market value, exposing the investor to potential loss.

#### **C.6.d.7. Equity Collar**

A collar combines both a cap and a floor. A cap gives the purchaser of the cap the right (for a premium payment), but not the obligation, to receive the difference in the cost on some amount when a specified index rises above the specified “cap rate.” A floor is the opposite of a cap—it gives the purchaser of the floor the right (for a premium payment), but not the obligation, to receive the difference in interest payable on an amount when a specified index falls below the specified “floor rate.” A collar involving stock is called an “equity collar.” In a collar transaction, the buyer of the collar purchases a cap while selling a floor indexed to the same rate or asset. A zero-cost collar results when the premium earned by selling a floor exactly offsets the cap premium.

#### **C.6.d.8. Long Straddle**

A long straddle is the purchase of a long call and a long put with the same underlying security, expiration date and strike price. This is a speculative trade that may be profitable when volatility is high and will result in a loss when prices of the underlying security are relatively stable.

#### **C.6.e. Concentration Risk**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

### **C.7. Material Risks of Investment Instruments**

Clear Perspective typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Exchange-traded notes
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities

- U.S. government securities
- Private placements
- Pooled investment vehicles
- Structured products
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities
- Asset-backed securities
- Collateralized obligations
- Option contracts on securities
- Option contracts on indices
- Option contracts on futures
- Option contracts on commodities
- Futures contracts and index contracts
- Managed futures

#### **C.7.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **C.7.b. Warrants and Rights**

Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

#### **C.7.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create

fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **C.7.d. Exchange-Traded Funds (“ETFs”)**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> (“QQQs<sup>SM</sup>”), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company’s advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF’s underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **C.7.e. Exchange-Traded Notes (“ETNs”)**

ETNs are structured debt securities. ETN liabilities are unsecured general obligations of the issuer. Most ETNs are designed to track a particular market segment or index. ETNs have expenses associated with their operation. When a fund invests in an ETN, in addition to directly bearing expenses associated with its own operations, it will bear its pro rata portion of the ETN’s expenses. The risks of owning an ETN generally reflect the risks of owning the underlying securities the ETN is designed to track, although lack of liquidity in an ETN could result in it being more volatile than the underlying portfolio of securities. In addition, because of ETN expenses, compared to owning the underlying securities directly it may be more costly to own an ETN. The value of an ETN security should also be expected to fluctuate with the credit rating of the issuer.

#### **C.7.f. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company’s ability to retire its debt at maturity, the current interest rate

environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **C.7.g. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **C.7.h. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **C.7.i. Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

#### **C.7.j. Pooled Investment Vehicles**

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing

investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, Clear Perspective will be unable to monitor or verify the accuracy of such performance information.

#### **C.7.k. Structured Products**

Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation.

Investment in structured products includes significant risks, including valuation, liquidity, price, credit and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high-investment-grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

#### **C.7.l. Government and Agency Mortgage-Backed Securities**

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA"), Fannie Mae ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). GNMA, a wholly owned U.S. government corporation within the Department of Housing and Urban Development ("HUD"), creates pass-through securities from pools of government-guaranteed (Farmers' Home Administration, Federal Housing Authority or Veterans Administration) mortgages. The principal and interest on GNMA pass-through securities are backed by the full faith and credit of the U.S. government.

FNMA, which is a U.S. government-sponsored corporation owned entirely by private stockholders that is subject to regulation by the secretary of HUD, and FHLMC, a corporate instrumentality of the U.S. government, issue pass-through securities from pools of conventional and federally insured and/or guaranteed residential mortgages. FNMA guarantees full and timely payment of all interest and principal, and FHMLC guarantees timely payment of interest and ultimate collection of principal of its pass-through securities.

Mortgage-backed securities from FNMA and FHLMC are *not* backed by the full faith and credit of the U.S. government.

#### **C.7.m. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. Clear Perspective may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

#### **C.7.n. Mortgage-Backed Securities**

Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, Clear Perspective may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts, with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

**C.7.o. Asset-Backed Securities**

Like mortgages-backed securities, the collateral underlying asset-backed securities are subject to prepayment, which may reduce the overall return to holders of asset-backed securities. Asset-backed securities present certain additional and unique risks. Primarily, these securities do not always have the benefit of a security interest in collateral comparable to the security interests associated with mortgage-backed securities. Credit card receivables are in general unsecured. Debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set-off certain amounts owed on the credit cards, thereby reducing the balance due.

Generally, automobile receivables are secured by automobiles. Most issuers of automobile receivables permit the loan servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the asset-backed securities. In addition, because of the large number of vehicles involved in a typical issuance and the technical requirements under state laws, the trustee for the holders of the automobile receivables may not have a proper security interest in the underlying automobiles. As a result, the risk that recovery on repossessed collateral might be unavailable or inadequate to support payments on asset-backed securities is greater for asset-backed securities than for mortgage-backed securities. In addition, because asset-backed securities are relatively new, the market experience in these securities is limited and the market's ability to sustain liquidity through all phases of an interest rate or economic cycle has not been tested.

**C.7.p. Collateralized Obligations**

Collateralized mortgage obligations ("CMOs") are collateralized by mortgage-backed securities issued by GNMA, FHLMC or FNMA ("mortgage assets"). CMOs are multiple-class debt obligations. Payments of principal and interest on the mortgage assets are passed through to the holders of the CMOs as they are received, although certain classes (often referred to as "tranches") of CMOs have priority over other classes with respect to the receipt of mortgage prepayments. Each tranche is issued at a specific or floating coupon rate and has a stated maturity or final distribution date. Interest is paid or accrues in all tranches on a monthly, quarterly or semi-annual basis. Payments of principal and interest on mortgage assets are commonly applied to the tranches in the order of their respective maturities or final distribution dates, so that generally no payment of principal will be made on any tranche until all other tranches with earlier stated maturity or distribution dates have been paid in full.

Collateralized debt obligations ("CDOs") include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust that is backed by a diversified pool of high-risk, below-investment-grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans.



**C.7.q. Option Contracts on Securities**

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or paid for an option is based upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period and interest rates.

**C.7.r. Option Contracts on Indices**

An index assigns relative values to the securities included in the index, and the index fluctuates with changes in the market values of the securities included in the index. Index cash options operate in the same way as the more traditional options on securities, except that index options are settled exclusively in cash and do not involve delivery of securities. Thus, upon exercise of index options, the purchaser will realize and the writer will pay an amount based on the differences between the exercise price and the closing price of the index.

**C.7.s. Option Contracts on Futures**

Options on futures contracts are similar to options on securities, except that an option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract rather than to purchase or sell a security at a specified exercise price at any time during the period of the option. Upon exercise of the option, the delivery of the futures position to the holder of the option will be accompanied by transfer to the holder of an accumulated balance representing the amount by which the market price of the futures contract exceeds in the case of a call, or is less than in the case of a put, the exercise price of the option on the future.

**C.7.t. Option Contracts on Commodities**

Physical commodities include soft assets such as crops and coffee that are generally extracted from the ground, as well as hard assets such as minerals and metals that are mined. Investing in commodities carries significant risks, including price, credit and market risk. Many physical commodities, as well as intangible commodities (such as security or fixed income indices), serve as the underlier to commodity futures contracts.

**C.7.u. Futures Contracts and Index Contracts**

A futures contract is a bilateral agreement where one party agrees to accept and the other party agrees to make delivery of cash for an underlying debt security, as called for in the contract, at a specified date and at an agreed-upon price. An index futures contract involves



the delivery of an amount of cash equal to a specified dollar amount times the difference between the index value at the close of trading of the contract and the price at which the futures contract is originally struck. No physical delivery of the securities composing the index is made. Generally, these futures contracts are closed out prior to the expiration date of the contracts.

#### **C.7.v. Managed Futures Contracts**

Managed futures investments involve significant risks, including the following: An investment in a managed futures investment involves a high degree of risk, is speculative and volatile. An investor could lose all or a substantial part of his or her investment. There is no guarantee that an investment of this type will achieve its objectives. Managed futures funds' high fees and expenses offset trading profits and reduce returns. Managed futures investments involve the use of significant leverage that may increase the risk of investment loss. Managed futures are not subject to the same regulatory requirements as mutual funds. An investment in managed futures funds is illiquid. There is no secondary market for managed futures funds, and there are restrictions on transfer of managed futures funds. A substantial portion of the trades executed with respect to managed futures investments may take place on foreign exchanges. A managed futures fund does not perform in a manner that has a low correlation to the performance of traditional financial markets or does not perform successfully, investors will obtain no diversification benefits by investing in such fund.

#### **C.8. Voting Client Securities**

Clear Perspective, as a Securities and Exchange Commission registered investment adviser, often has voting power with respect to securities in client accounts. As such, Clear Perspective owes certain fiduciary duties with respect to the voting of proxies. These fiduciary duties include (i) the duty of care, which requires Clear Perspective to monitor corporate events and to vote the proxies; and (ii) the duty of loyalty, which requires Clear Perspective to vote proxies in a manner consistent with the best interests of the client and to put the client's interests before the firm's own interests. In keeping with its fiduciary duties, Clear Perspective has adopted a Proxy Voting Policy, which sets forth the firm's policies and procedures designed to ensure that it votes each client's securities in the best interests of the client.

Clear Perspective will be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account. Clear Perspective will make an independent valuation for each applicable company held in the client's account in accordance with its fiduciary obligations as detailed in this policy. Clients may contact Clear Perspective's Managing Member for information about how Clear Perspective voted with respect to any of the securities held in their accounts.

Except as required by applicable law, Clear Perspective will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

As a general rule, Clear Perspective will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with Clear Perspective's Proxy

Voting Policy, unless a client specifically instructs in writing to vote such client's securities otherwise. When making proxy voting decisions, Clear Perspective may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel.

A copy of Clear Perspective's Proxy Voting Policy will be provided upon receipt of a written request.

## **Item 7: Client Information Provided to Portfolio Managers**

Clear Perspective is the sole portfolio manager in the Clear Perspective Advisors Wrap Fee Program and does not share any personal information it collects from its clients other than as required by law or regulatory mandate. Clear Perspective collects the following information in order to formulate its investment recommendations to clients:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

## **Item 8: Client Contact with Portfolio Managers**

Clear Perspective encourages communication with its clients and does not limit or condition the amount of time clients can spend with Clear Perspective advisory professionals.

## Item 9: Additional Information

### A. Disciplinary and Other Financial Activities and Affiliations

#### A.1. Disciplinary

There are no current or pending disclosure items to report on behalf of Clear Perspective advisors.

##### A.1.a. Criminal or Civil Actions

There is nothing to report on this item.

##### A.1.b. Administrative Enforcement Proceedings

There is nothing to report on this item.

##### A.1.c. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report on this item.

### A.2. Other Financial Activities and Affiliations

#### A.2.a. Broker-Dealer or Representative Registration

Members and registered advisory personnel of Clear Perspective are registered representatives with Ausdal Financial Partners ("Ausdal"), a FINRA-registered broker-dealer and member of SIPC. Ausdal is a financial services company engaged in the sale of investment products. Clear Perspective professionals licensed with Ausdal as registered representatives spend less than 5% of their time engaged in commission product sales through Ausdal.

As a result of Clear Perspective members and registered professionals' affiliation with Ausdal, such professionals, in their capacity as registered representatives of Ausdal, are subject to the general oversight of Ausdal and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of Clear Perspective should understand that their personal and account information is available to FINRA and Ausdal for the fulfillment of their regulatory oversight obligations and duties.

#### A.2.b. Futures or Commodity Registration

Clear Perspective is not registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and does not have an application to register pending.

#### A.2.c. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

##### A.2.c.1. Ausdal

Managers, members, and registered personnel of Clear Perspective are associated persons of Ausdal Financial Partners ("Ausdal"), a FINRA and member of SIPC. As a result, such

professionals, in their capacity as registered representatives of Ausdal, are subject to the oversight of Ausdal and the Financial Industry Regulatory Authority, Inc. ("FINRA"). As such, clients of Clear Perspective should understand that their personal and account information is available to FINRA and Ausdal personnel in the fulfillment of their oversight obligations and duties.

Clear Perspective professionals who effect transactions for advisory clients may receive transaction or commission compensation from Ausdal. The recommendation of securities transactions for commission creates a conflict of interest in that Clear Perspective is economically incented to effect securities transactions for clients. Although Clear Perspective strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Clear Perspective rather than in the client's best interest. Clear Perspective advisory clients are not compelled to effect securities transactions through Ausdal.

#### ***A.2.c.2. Insurance Affiliations***

Certain managers, members, and registered employees of Clear Perspective are agents for certain insurance carriers. With respect to the provision of financial planning services, Clear Perspective professionals may recommend insurance products offered by such carriers for whom they function as agents and receive a commission for doing so. Please be advised there is a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Also be advised that Clear Perspective professionals strive to put their clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with Clear Perspective's professionals' employing broker-dealer.

## **B. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters**

### **B.1. Code of Ethics Description**

In accordance with the Advisers Act, Clear Perspective has adopted policies and procedures designed to detect and prevent insider trading. In addition, Clear Perspective has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the firm's Chief Compliance Officer. Clear Perspective will send clients a copy of its Code of Ethics upon written request.

Clear Perspective has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

**B.1.a. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Clear Perspective does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Clear Perspective does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

**B.1.b. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Clear Perspective, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Clear Perspective specifically prohibits. Clear Perspective has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Clear Perspective's procedures when purchasing or selling the same securities purchased or sold for the client.

**B.1.c. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Clear Perspective, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. Clear Perspective will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation.

It is Clear Perspective's policy to place the clients' interests above those of the firm and its employees.

## **B.2. Factors Used to Select Broker-Dealers for Client Transactions**

### **B.2.a. Custodian Recommendations**

Clear Perspective may recommend that clients establish brokerage accounts with Pershing or Schwab ("custodian"), FINRA-registered broker-dealers, members SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Clear Perspective may recommend that clients establish brokerage accounts with the custodian, Clear Perspective is independently owned and operated and not affiliated with the custodian.

The custodian does not charge separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through or that settle into custodian accounts.

In certain instances and subject to approval by the firm, Clear Perspective will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Clear Perspective will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### ***B.2.a.1. How We Select Brokers/Custodians to Recommend***

Clear Perspective seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services



- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### ***B.2.a.2. Client's Custody and Brokerage Costs***

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

#### ***B.2.a.3. Soft Dollar Arrangements***

Clear Perspective generally receives research and services provided by broker-dealers from third-party vendors or by requesting that a broker-dealer step-out client trades or pay research credits to broker-dealers or vendors who produce research products or services. Clear Perspective may also trade directly with a broker-dealer who produces research or brokerage services. Selection of these broker-dealers is not made pursuant to an agreement; however, Clear Perspective utilizes an internal allocation procedure to identify those brokers or dealers who produce research or services that are provided to Clear Perspective and endeavors to direct sufficient research credits generated by its clients' accounts to such brokers or dealers to ensure the continued receipt of the research and services that Clear Perspective believes are valuable. To the extent Clear Perspective utilizes client transactions to obtain information Clear Perspective might otherwise acquire at its own expense, Clear Perspective may have an incentive to place a greater volume of transactions or pay higher commissions.

The research and brokerage services provided to Clear Perspective may be proprietary or produced by third parties. The research and brokerage services are used by Clear Perspective in making investment decisions or trading for client accounts and constitute advice, either directly or through publications or writings, as to the value of securities, the advisability of investing, purchasing, or selling securities, and the availability of securities or purchasers and sellers of securities. They include analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies, and meetings where corporate executives are present to provide information on the performance of their companies. They may also

include statistical analysis, data and data services, software and computer programs utilized for research and portfolio analysis, trade analytics, market research, and brokerage services relating to execution, clearing, and settlement of transactions. In some cases, products and services may be provided to Clear Perspective that constitute both (i) research and brokerage services and (ii) services used for administrative or other functions not related to the investment decision-making or brokerage processes. In such cases, the allocation will generally be made on the basis of the percentage of time devoted to Clear Perspective's use of the product for research vs. non-research applications, or such other appropriate measure of the value of the product for each use as the Compliance Officer determines to be appropriate, both initially and upon subsequent periodic review.

Research products or services provided by brokers may be used in servicing any or all of the clients of Clear Perspective, and such research products or services may not necessarily be used by Clear Perspective in connection with the accounts that paid commissions to the brokers providing such products or services. For various reasons, including differing investment strategies and directed brokerage arrangements, products and services may benefit clients that do not execute transactions generating research or brokerage credits. Brokerage for a related party account and the firm's capital account is directed to a broker providing custody for the accounts; these accounts do not generate research or brokerage credits. Clients that direct brokerage may establish commission recapture programs where services are received directly by the client account in return for brokerage generated by that account.

Research credits generated by client accounts are directly related to the amount of trading costs incurred by each separate account. However, small trades (i.e. those which are subject to the firm's \$8.00 per trade minimum transaction charge) are excluded from being used to pay for research credits since such minimum transaction charge is used solely to pay for the cost of executing the transaction – with no remaining credit available to allocate for research credits. Therefore, large accounts with large trades (i.e. those not subject to the minimum transaction charge) pay for research credits that are used for the equal benefits of those accounts and for small accounts that do not contribute to the payment of research credits.

As indicated above, individual clients may direct Clear Perspective (subject to certain conditions which may from time to time be imposed by Clear Perspective) to effect portfolio transactions through specific brokers or dealers. A client who chooses to direct the use of a particular broker or dealer should consider whether such a direction may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some transactions than might otherwise be obtainable by Clear Perspective, or may receive less favorable executions on some transactions, or both. The ability of Clear Perspective to negotiate commission rates with directed brokers will be limited. A client who directs brokerage may also be subject to the disadvantages discussed in Item 12.B.3 below regarding aggregation of orders. In determining whether to instruct Clear Perspective to utilize a particular broker or dealer, the client may wish to compare the possible costs or disadvantages of such an arrangement with the value of the services provided.

***B.2.a.4. Institutional Trading and Custody Services***

The custodian provides Clear Perspective with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services are generally available to independent investment advisers on an unsolicited basis, at no charge to them so long as a certain minimum amount of the adviser's clients' assets are maintained in accounts at the custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

***B.2.a.5. Other Products and Services***

The custodian also makes available to Clear Perspective other products and services that benefit Clear Perspective but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Clear Perspective's accounts, including accounts not maintained at the custodian. The custodian also makes available to Clear Perspective its managing and administering software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing, and other market data
- facilitate payment of Clear Perspective's fees from its clients' accounts
- assist with back-office functions, recordkeeping, and client reporting

The custodian also offers other services intended to help Clear Perspective manage and further develop its business enterprise. These services may include

- compliance, legal, and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants, and insurance providers

The custodian may also provide other benefits, such as educational events or occasional business entertainment of Clear Perspective personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Clear Perspective may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost, or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

***B.2.a.6. Independent Third Parties***

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Clear Perspective. The custodian may discount or waive fees it would

otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Clear Perspective.

***B.2.a.7. Additional Compensation Received from Custodians***

Clear Perspective may participate in institutional customer programs sponsored by broker-dealers or custodians. Clear Perspective may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Clear Perspective's participation in such programs and the investment advice it gives to its clients, although Clear Perspective receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Clear Perspective participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Clear Perspective by third-party vendors

The custodian may also pay for business consulting and professional services received by Clear Perspective's related persons, and may pay or reimburse expenses (including client transition expenses travel, lodging, meals and entertainment expenses for Clear Perspective's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Clear Perspective but may not benefit its client accounts. These products or services may assist Clear Perspective in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Clear Perspective manage and further develop its business enterprise. The benefits received by Clear Perspective or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Clear Perspective also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Clear Perspective to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Clear Perspective will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Clear Perspective's related persons, and reimbursement of expenses

(including travel, lodging, meals and entertainment expenses for Clear Perspective's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Clear Perspective endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Clear Perspective or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Clear Perspective's recommendation of broker-dealers for custody and brokerage services.

***B.2.a.8. The Firm's Interest in Custodian's Services***

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

**B.2.b. Brokerage for Client Referrals**

Clear Perspective does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

**B.2.c. Directed Brokerage**

***B.2.c.1. Clear Perspective Recommendations***

Clear Perspective typically recommends Pershing or Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

***B.2.c.2. Client-Directed Brokerage***

Occasionally, clients may direct Clear Perspective to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Clear Perspective derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Clear Perspective loses the ability to aggregate trades with other Clear Perspective advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

### **B.3. Aggregating Securities Transactions for Client Accounts**

#### **B.3.a. Best Execution**

Clear Perspective, pursuant to the terms of its investment advisory agreement with clients, may have discretionary authority to determine which securities are to be bought and sold, the price of such securities, the executing broker, and the commission rates to be paid to effect such transactions. Clear Perspective recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Clear Perspective will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation, and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance, and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Clear Perspective seeks to ensure that clients receive best execution with respect to the clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Clear Perspective's knowledge, these custodians provide high-quality execution, and Clear Perspective's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Clear Perspective believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

#### **B.3.b. Security Allocation**

Since Clear Perspective may be managing accounts with similar investment objectives, the firm may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by

Clear Perspective in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Clear Perspective's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Clear Perspective will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Clear Perspective's advice to certain clients and entities and the actions of Clear Perspective for those and other clients are frequently premised not only on the merits of a particular investment but also on the suitability of that investment for the particular client in light of his or her applicable investment objectives, guidelines and circumstances. Thus, any action of Clear Perspective with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Clear Perspective to or on behalf of other clients.

#### **B.3.c. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Clear Perspective believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.3.d. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Clear Perspective acts in accordance with its duty to seek best price and execution and will not continue any arrangements if it determines that such arrangements are no longer in the best interests of its clients.



## **B.4. Review of Accounts**

### **B.4.a. Schedule for Periodic Review of Client Accounts and Advisory Persons Involved**

The review of accounts of high-net-worth and affluent clients, including corporations, partnerships, and trusts, is conducted in the first instance by the Clear Perspective investment advisor representative servicing the client relationship. Such professionals are subject to the general authority of Clear Perspective's Managing Member and Chief Compliance Officer. The Managing Member or his designee(s) must review and approve the opening of each new advisory relationship and oversee reviews of client accounts. The Managing Member or his designee(s) is also responsible for ensuring that any significant change in a client's investment strategy or in the concentration of a client's assets is appropriate for and has been reviewed with the client. Such reviews are performed no less frequently than quarterly.

### **B.4.b. Review of Client Accounts on Non-Periodic Basis**

Clear Perspective may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Clear Perspective formulates investment advice.

### **B.4.c. Content of Client-Provided Reports and Frequency**

In addition to monthly statements (no less frequently than quarterly) provided by the client's custodian, which detail transaction activity, holdings, and portfolio value, Clear Perspective engages a third party to produce quarterly client reports that detail account performance, comparison of account performance against appropriate benchmarks, and other such measures designed to identify the risk and performance of the client's investment portfolio.

## **B.5. Client Referrals and Other Compensation**

### **B.5.a. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

In addition to what is described in Items 9.A.2 and 9.B.2 of this Brochure, Clear Perspective may refer certain clients seeking mortgage financing services to a third-party vendor, Busey Bank. In return for such referrals Busey Bank has agreed to rent office space from Clear Perspective under a month-to-month basis. Please be advised that a client referral to Busey Bank may be deemed to be in the best interests of the adviser rather than the client. The client is under no obligation to use Busey Bank for mortgage financing services.

### **B.5.b. Advisory Firm Payments for Client Referrals**

Clear Perspective may enter into agreements with solicitors who will refer prospective advisory clients to Clear Perspective in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Clear Perspective. The solicitor must provide the client with a disclosure document describing the fees it receives from Clear Perspective, whether those fees



represent an increase in fees that Clear Perspective would otherwise charge the client, and whether an affiliation exists between Clear Perspective and the solicitor.

## **B.6. Financial Information**

### **B.6.a. Balance Sheet**

Clear Perspective does not require the prepayment of fees, and as such is not required to file a balance sheet.

### **B.6.b. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Clear Perspective does not have any financial issues that would impair its ability to provide services to clients.

### **B.6.c. Bankruptcy Petitions during the Past Ten Years**

There are no bankruptcy petitions to report.