

# CLAY • NORTHAM

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## WEALTH MANAGEMENT

### Form ADV, Part 2A Appendix 1 Wrap Fee Program Brochure

**CLAY NORTHAM WEALTH MANAGEMENT, LLC**

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**February 22, 2019**

This wrap fee program brochure provides information about the qualifications and business practices of Clay Northam Wealth Management, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 562-799-5547 or [dnortham@claynortham.com](mailto:dnortham@claynortham.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Clay Northam Wealth Management, LLC (CRD # 159002) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2: MATERIAL CHANGES

The purpose of this page is to inform you of material changes to our brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Clay Northam Wealth Management, LLC (“CNWM”) reviews and updates our brochure at least annually to confirm that it remains current. CNWM has not made any material changes since the previous annual update to our brochure, dated February 22, 2019.

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## ITEM 4: SERVICES, FEES AND COMPENSATION

### Firm Description

Clay Northam Wealth Management, LLC (“CNWM,” “we,” “our,” or “us”) is registered as an investment adviser with the U.S. Securities and Exchange Commission. CNWM offers investment advice to clients through a wrap fee program (“Program”) based on the individual needs of the client. CNWM is the sponsor of the Program. Brian Clay and Darren Northam are the Managing Partners of CNWM and are responsible for management of all Program accounts.

This disclosure brochure is limited to describing the Program and other information that client should consider prior to establishing an account in the Program. For a description of the other services we offer, clients should refer to our Form ADV Part 2A, a copy of which will be provided upon request.

### Program Services

The Program offers clients an asset management account in which CNWM’s Managing Partners direct and manage Program assets for the client. Our investment management services include the design, implementation, and monitoring of client accounts on a discretionary basis. We primarily utilize mutual funds, exchange traded funds (“ETFs”), and individual equity and fixed income securities when making investment selections in client accounts. We also occasionally transact in non-traded Real Estate Investment Trusts (REIT), Business Development Companies (BDC), and a private hedge fund in client accounts. CNWM may also offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry. We may offer investment advice on any investment held by the client at the start of the advisory relationship.

CNWM obtains financial data from the client and tailors the investment strategy to each client’s specific needs. Each portfolio will be initially designed to meet a particular investment goal, which our Managing Partners determine to be suitable for the client’s circumstances. Once the appropriate portfolio is designed, a Managing Partner will review the portfolio at least quarterly and rebalance, as he deems necessary, based on the client’s individual needs, stated goals, and objectives.

Clients have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio, such as when a client needs to keep a minimum level of cash in the account or does not want us to buy or sell certain specific securities or security types in the account. We reserve the right to not accept and/or terminate management of a client’s account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client’s investment strategy.

### Sub-Advisory Services

Clients can also access the investment management services of unaffiliated third party money managers through a sub-advisory program offered through Schwab’s Managed Accounts Select/Access Platform. These services are offered as separately managed accounts in CNWM’s investment strategies.

## **Program Fees**

CNWM charges Program fees at an annual rate not to exceed 1.5% of the client's total assets under management, billed in quarterly installments.

Fees are negotiable based on the value of the assets in the account, including cash holdings, and payable quarterly in advance. Payments are due and assessed at the beginning of each quarter based on the value of the assets under management as of the close of business on the last business day of the preceding quarter, as valued by the custodian. Fees billed on assets held in client accounts that receive valuations less than quarterly will be calculated using the most recent pricing data available through the Investment Sponsor and/or the client's custodian.

All fees are deducted from the account by the custodian unless other arrangements have been made in writing.

A wrap fee program allows clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services include portfolio management and the fee is not based directly upon the transactions in the account but rather it is bundled with costs for execution of transactions in the account. CNWM does not charge clients higher advisory fees based on trading activity in the account(s), but we may have an incentive to limit the trading activities in the accounts to lessen the execution fees that we absorb. Still, we believe that this structure does not affect the integrity of the way we conduct business.

### *Sub-Advisory Fees*

Fees for sub-advisory services under the Schwab's Managed Accounts Select/Access Platform vary based upon the schedules and requirements of the various managers participating in sub-advisory Managed Account Access offered through Schwab sub-advisory programs. The Program fees that CNWM receives for providing investment management services are separate from the fees charged to clients by third party advisers. Fees under these programs may be billed in arrears or advance, depending on each outside manager's billing methodology.

While CNWM does not receive a portion of the fees paid to third-party advisers that we recommend. Clients should consider the additional cost of paying sub-advisory fees since we do not discount or offset our standard Program management fee for clients that choose to participate in sub-advisory programs.

## **Other Fees and Expenses**

In addition to the Program fee, clients may also incur certain charges imposed by third parties in connection with investments made through Program accounts. These may include, but are not limited to: mutual fund or money market 12b-1 fees, sub transfer agent fees, mutual fund or money market management fees and administrative expenses, internal mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, IRA and qualified retirement plan fees, alternative investment administrative fees, and other charges required by law. CNWM does not receive any portion of these fees. Further information regarding charges and fees assessed by mutual funds are available in each fund's prospectus.

Our Managing Partners receive a share of the Program fees proportionate to the accounts they manage. Under a situation where an adviser offers both wrap and non-wrap fee programs with differing fee schedules, this could create an incentive to recommend participation in a wrap fee program rather than a non-wrap fee program, which could potentially generate more compensation for the Managing Partners. However, we do not offer side-by-side (wrap and non-wrap) programs and believe that this potential conflict is mitigated since we charge the same management fees to the few accounts we manage outside of the Program such as 529 accounts and other accounts custodied outside of Schwab.

Clients have the option to purchase similar products and services through another advisor.

## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Account Requirements**

CNWM requires a minimum account value of \$250,000 in order to open or maintain an account in the Program. We reserve the right to waive or lower this minimum at our discretion.

### **Types of Clients**

CNWM offers the Program to individuals, high net worth individuals, trusts, estates, charitable organizations, corporations, limited liability companies and other business entities.

## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Portfolio Managers**

Brian Clay and Darren Northam, Managing Partners, act as the portfolio managers for the Program and manage all accounts. We limit portfolio management duties under the Program to the principals of our firm. We do not anticipate recommending outside portfolio managers or replacing our principals. Individuals that render investment advice on behalf of CNWM are required to have a college degree and/or five (5) years of equivalent industry experience. In addition, all Program managers must have obtained all required licenses and a professional designation such as Certified Financial Planner ("CFP®").

### **Performance Reviews and Calculations**

CNWM requires that all Program managers have high standards of morals and ethics and be committed to providing quality investment advice. Additionally, Program managers are required to obtain any required regulatory examinations.

We review specific performance information in client accounts utilizing performance software that we believe to be uniform and consistent with its reporting outputs.

## **Agents of Unaffiliated Insurance Agency**

Brian Clay and Darren Northam are independent insurance agents. In such capacities, they offer insurance product sales and receive normal and customary commissions as a result of these transactions outside of Program accounts. This practice presents conflicts of interest to the extent either individual recommends that a client invest in an insurance product that results in a higher commission than may be available elsewhere. However, we believe that this conflict is mitigated by CNWM's procedures and controls and each agent's obligation to act in the best interest of all clients in accordance with the firm's fiduciary duty.

Clients have the option to purchase insurance products/services recommended by Brian Clay and Darren Northam through another insurance agent.

## **Advisory Business**

CNWM offers clients an asset management account through the Program, in which our Managing Partners direct and manage Program assets on behalf of clients. For more detail, see ***Item 4 – Program Services***, above.

## **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

## **Methods of Analysis**

CNWM utilizes the following methods of analysis:

- Charting – involves searching for patterns to evaluate securities
- Fundamental – involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth
- Technical – involves evaluating securities based on statistics such as past prices and volume
- Cyclical – involves analyzing the cycles of the market

## **Investment Strategies**

The Investment Strategies we use are:

- Long-term purchases – securities held at least for one year
- Short-term purchases – securities sold within one year
- Trading – securities bought and sold within 30 days
- Third-Party Adviser – when a portion of the client's portfolio is directed to an unaffiliated manager

## **Risk of Loss**

### *General Risk*

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the client's account may also enjoy a gain, it is also possible the stock



market decreases and the client may suffer a loss. It is important client understand the risks associated with investing in the stock market.

Clients incur risk across multiple investment types:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. Consequently, they generally carry a higher risk than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Additionally, the specific investments we generally utilize carry risk:

#### Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase.

The benefits of investing through mutual funds include:

### *Professionally Managed*

Mutual funds are professionally managed by investment advisers who research, select, and monitor the performance of the securities the fund purchases.

### *Diversification*

Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as “Don’t put all your eggs in one basket.” Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.

### *Affordability*

Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.

### *Liquidity*

Generally, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption. Less frequently, some mutual funds have the option to redeem shares using the underlying stocks in the fund’s portfolio or may delay redemption for a defined period.

Mutual funds also have features that some investors might view as disadvantages:

### *Costs Despite Potential for Negative Returns*

Investors must pay annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

### *Lack of Control*

Investors typically cannot ascertain the exact make-up of a fund’s portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

### *Price Uncertainty*

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or investment adviser. Investors can also monitor how a stock’s price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund’s NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

## *Different Types of Funds*

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories; money market funds, bond funds (also called “fixed income” funds), and stock funds (also called “equity” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

### *Money Market Funds*

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short-term investments issued by the U.S. Government, U.S. and foreign corporations, state and local governments, and bank issued certificates of deposit. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund’s investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why “inflation risk,” the risk that inflation will outpace and erode investment returns over time, can be a potential concern for investors in money market funds.

### *Bond Funds*

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC’s rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards.

### *Stock Funds*

A stock fund’s value can rise and fall quickly (and dramatically) over the short term but may demonstrate more stability over the long-term. Overall “market risk” poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same.

### *Exchange-Traded Funds (ETFs)*

An ETF is a type of security (usually, an open-end fund or unit investment trust) containing a basket of stocks, fixed income instruments, and/or commodities. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

### Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of stocks and the income they generate (such as dividends) may fluctuate based on events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weakness in the business sector the company does business in, and other factors. Further, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

There may be little trading in the secondary market for particular equity securities, which may adversely affect the ability to value accurately or dispose of those equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities.

### Debt Securities (Bonds)

Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

### **Proxy Voting**

CNWM does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent. In the event proxies are sent to us, we will forward them to the client. Clients may contact us to discuss questions they may have on the particular proxy votes or other solicitations.

### ERISA

For accounts subject to ERISA, an authorized plan fiduciary other than CNWM will retain proxy voting authority. Our investment advisory agreement and/or the plan's written documents will evidence and outline this authority.

### Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

## **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Our Managing Partners obtain financial data from the client and assist the client in setting what they believe to be appropriate investment objectives for the client's Program account. Managing Partners obtain updated information from the client over time, as necessary, in order to continue providing

personalized investment advice to each client. Managing Partners communicate with clients on a regular basis to ensure their investment goals and objectives are understood and remain current.

Each client is required to enter into a written agreement with CNWM in order to establish a Program account. Clients are also required to complete an application with the broker/dealer that will act as custodian for client's account assets.

## **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

We have no restrictions on a client's ability to contact a Program portfolio manager (Managing Partner).

## **ITEM 9: ADDITIONAL INFORMATION**

### **Disciplinary Information**

CNWM and its management have not been involved in any criminal or civil action, administrative enforcement proceedings, or legal or disciplinary events related to past or present investment clients.

### **Other Financial Industry Activities and Affiliations**

Associated persons of CNWM also serve as independent insurance agents in their individual capacities, offering insurance products to CNWM's clients. Agents receive normal and customary commissions as a result of insurance transactions.

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

CNWM's personnel have committed to a Code of Ethics. The purpose of our Code of Ethics is to set forth standards of conduct we expect and to address conflicts that may arise. The Code applies to and defines acceptable behavior for all Supervised Persons of CNWM. The Code reflects our combined responsibility to act in the best interest of our clients.

We recognize that our personal investment transactions need to be carried out in a way that does not create actual or potential conflict with our clients. At the same time, we believe that if investment goals are similar for clients and our employees, it is logical and even desirable there be common ownership in some securities. To help mitigate conflicts of interest, CNWM has procedures in place with respect to personal transactions effected by our Supervised Persons, including mandatory quarterly securities transaction reporting.

We consider our fiduciary duty to be the core underlying principle of the Code, which includes insider trading and personal securities transactions policies and procedures. Upon affiliation and/or employment with the CNWM, all Supervised Persons are required to sign an acknowledgement that they have read, understand and agree to comply with our Code.

We will provide a copy of our complete Code of Ethics to any client or prospective client upon request.

## **Review of Accounts**

Account reviews are performed at least quarterly for clients receiving asset management services. All reviews are conducted by CNWM's Managing Partners. The nature of the reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions and investment policies. Account reviews may be performed more frequently upon conditions that may include but are not limited to major changes in the market or economic conditions, changes in the tax laws, new investment information, and changes in a client's own situation.

Clients receive account statements from the custodian at least quarterly for all Program accounts. We generally provide a verbal report to asset management clients at least annually and will provide written performance reports upon a client's request.

## **Client Referrals and Other Compensation**

CNWM generally requires clients to establish brokerage accounts with the Charles Schwab & Co., Inc., a FINRA/SIPC registered broker-dealer ("Schwab") to maintain custody of clients' assets and to effect trades for their accounts. It is the client's ultimate decision to utilize the services of Schwab. CNWM and Schwab are not affiliated.

Schwab provides us with access to its institutional trading and custody services which are not typically available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them if the advisor maintains at least \$10 million of client assets with Schwab Advisor Services. Beyond this amount, Schwab's services are not contingent upon us committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab'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 would require a significantly higher minimum initial investment. For our clients' accounts maintained in Schwab's custody, Schwab generally does not charge separately for custody services but is compensated by our firm through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to us other products and services that benefit CNWM but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our firm's clients' accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of CNWM's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help CNWM manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of CNWM's personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we 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 we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

Inasmuch as we will pay to Schwab the transaction/executions costs associated with equities transactions, a potential disincentive to trade securities may be presented.

### **Financial Information**

A balance sheet is not required to be provided because CNWM does not serve as a custodian for client funds or securities and we do not require prepayment of fees of more than \$1,200 per client and six months or more in advance. We have no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients. Neither CNWM nor its management has had any bankruptcy petitions in the last ten years.

# FORM ADV, PART 2B BROCHURE SUPPLEMENT

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**Clay Northam Wealth Management, LLC**  
[www.claynortham.com](http://www.claynortham.com)

**February 22, 2019**

This brochure supplement provides information about Brian Clay and Darren Northam that supplements the Clay Northam Wealth Management, LLC brochure. You should have already received a copy of that brochure. Please contact 562-799-5547 or [dnortham@claynortham.com](mailto:dnortham@claynortham.com) if you did not receive our brochure or if you have any questions about the contents of this supplement. Additional information about Brian Clay and Darren Northam is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Brian M. Clay

### ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

**Brian M. Clay**, Managing Partner, Portfolio Manager, b. 1978

#### *Education:*

- University of California, Los Angeles, BA in Economics, 2000

#### *Business Background:*

- Clay Northam Wealth Management, LLC; Managing Partner/Portfolio Manager, 10/2011 to Present
- Brian Clay CFP, Inc.; Owner, 12/2012 to Present
- Independent Insurance Agent, 10/2006 to Present
- Purshe Kaplan Sterling Investments, Inc., Registered Representative, 11/2011 to 12/2012
- Linsco/Private Ledger Corp.; Financial Planner, 10/2006 to 10/2011
- Pruco Securities Corporation; Financial Planner, 07/2001 to 10/2006

#### Professional Designations

Brian Clay holds the following professional designations:

#### ***Certified Financial Planner***

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP® Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. The CFP® is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

To earn the credential, each CFP® candidate must have a bachelor’s degree (or higher) from an accredited college or university and three years of full-time personal financial planning experience. In addition, candidates must take the CFP® Certification examination and complete a CFP® -board registered program or hold an accepted designation, degree or license. Every two years, CFP® certificate holders must complete a minimum of 30 hours of continuing education. More information regarding the CFP® is available at <http://www.cfp.net/home>.

#### ***Chartered Mutual Fund Counselor (“CMFC”)***

The CMFC designation is sponsored by College for Financial Planning. To earn a CMFC designation, candidates must complete a nine-module self-study course and pass a proctored online final examination. To maintain the designation, holders must complete 16 hours of continuing education every two years. More information regarding the CMFC is available at <http://www.cffpdesignations.com/Designation/CMFC>.

### **ITEM 3 - DISCIPLINARY INFORMATION**

Brian Clay has no disciplinary history to disclose.

### **ITEM 4 - OTHER BUSINESS ACTIVITIES**

In addition to his/her role with CNWM, Brian Clay is also a licensed insurance agent (CA license # OD10660). Approximately 2% of his time is spent on these activities. Clients pay separate fees for advisory services and insurance products or services and Brian Clay receives commissions when clients purchase insurance products. This practice presents a conflict of interest as it gives him an incentive to recommend insurance products based on the compensation received, rather than on the client's needs. Clients are not obligated to act on any insurance recommendations or place any transactions through Brian Clay if they decide to follow his recommendations.

### **ITEM 5 - ADDITIONAL COMPENSATION**

Brian Clay's primary compensation comes from his regular salary and ownership of CNWM. The additional compensation that Brian Clay receives is outlined above in ***Item 4 – Other Business Activities***.

### **ITEM 6 - SUPERVISION**

As Managing Partners and the only Supervised Persons of CNWM, Brian Clay and Darren Northam generally each supervise their own activities. Brian Clay can be reached by calling 310-662-4700, and Darren Northam at 562-799-5547.

## Darren S. Northam

### ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

**Darren S. Northam**, Managing Partner, Portfolio Manager, Chief Compliance Officer, b. 1974

#### *Education:*

- University of California, Santa Barbara, BA in Economics, 1996

#### *Business Background:*

- Clay Northam Wealth Management, LLC; Managing Partner/Portfolio Manager, 10/2011 to Present; Chief Compliance Officer, 04/2017 to Present
- Darren Northam CFP, Inc.; Owner, 12/2012 to Present
- Independent Insurance Agent, 10/2006 to Present
- Purshe Kaplan Sterling Investments, Inc.; Registered Representative, 11/2011 to 10/2013
- Linsco/Private Ledger Corp.; Financial Planner, 10/2006 to 10/2011
- Pruco Securities Corporation; Financial Planner, 09/2001 to 10/2006

#### Professional Designations

Darren Northam holds the following professional designations:

#### ***Certified Financial Planner***

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP® Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. The CFP® is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

To earn the credential, each CFP® candidate must have a bachelor’s degree (or higher) from an accredited college or university and three years of full-time personal financial planning experience. In addition, candidates must take the CFP® Certification examination and complete a CFP® -board registered program or hold an accepted designation, degree or license. Every two years, CFP® certificate holders must complete a minimum of 30 hours of continuing education. More information regarding the CFP® is available at <http://www.cfp.net/home>.

#### ***Chartered Mutual Fund Counselor (“CMFC”)***

The CMFC designation is sponsored by College for Financial Planning. To earn a CMFC designation, candidates must complete a nine-module self-study course and pass a proctored online final examination. To maintain the designation, holders must complete 16 hours of continuing education every two years. More information regarding the CMFC is available at <http://www.cffpdesignations.com/Designation/CMFC>.

### **ITEM 3 - DISCIPLINARY INFORMATION**

Darren Northam has no disciplinary history to disclose.

### **ITEM 4 - OTHER BUSINESS ACTIVITIES**

In addition to his/her role with CNWM, Darren Northam is also a licensed insurance agent (CA license # 0B87286). Approximately 2% of his time is spent on these activities. Clients pay separate fees for advisory services and insurance products or services and Darren Northam receives commissions when clients purchase insurance products. This practice presents a conflict of interest as it gives him an incentive to recommend insurance products based on the compensation received, rather than on the client's needs. Clients are not obligated to act on any insurance recommendations or place any transactions through Darren Northam if they decide to follow his recommendations.

### **ITEM 5 - ADDITIONAL COMPENSATION**

Darren Northam's primary compensation comes from his regular salary and ownership of CNWM. The additional compensation that Brian Clay receives is outlined above in ***Item 4 – Other Business Activities***.

### **ITEM 6 - SUPERVISION**

As Managing Partners and the only Supervised Persons of CNWM, Brian Clay and Darren Northam generally each supervise their own activities. Brian Clay can be reached by calling 310-662-4700, and Darren Northam at 562-799-5547.

## FACTS

### WHAT DOES CLAY NORTHAM WEALTH MANAGEMENT, LLC DO WITH YOUR PERSONAL INFORMATION?

#### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- account balances and transaction history
- assets and risk tolerance

When you are *no longer* our customer, we continue to share your information as described in this notice.

#### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Clay Northam Wealth Management, LLC chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Clay Northam Wealth Management, LLC share?	Can you limit this sharing?
<b>For our everyday business purposes -</b> as permitted by law	YES	NO
<b>For our marketing purposes -</b> to offer our products and services to you	NO	We Don't Share
<b>For joint marketing with other financial companies</b>	NO	We Don't Share
<b>For our affiliates' everyday business purposes -</b> information about your transactions and experiences	NO	We Don't Share
<b>For our affiliates' everyday business purposes -</b> information about your creditworthiness	NO	We Don't Share
<b>For nonaffiliates to market to you</b>	NO	We Don't Share

#### Questions?

Call (562) 799-5547 or go to <http://www.claynortham.com/>

## WHO WE ARE

Who is providing this notice?	Clay Northam Wealth Management, LLC
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## WHAT WE DO

How does Clay Northam Wealth Management, LLC protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Clay Northam Wealth Management, LLC collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• seek advice about your investments</li> <li>• enter into an investment advisory contract</li> <li>• tell us about your investment or retirement portfolio</li> <li>• tell us about your investment or retirement earnings</li> <li>• give us your contact information</li> </ul> <p>We also collect your personal information from other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes - information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>

## DEFINITIONS

<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• <i>Clay Northam Wealth Management, LLC has no affiliates</i></li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> <li>• <i>Clay Northam Wealth Management, LLC does not share with nonaffiliates so they can market to you</i></li> </ul>
<b>Joint Marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>• <i>Clay Northam Wealth Management, LLC does not jointly market</i></li> </ul>