

Clelland & Company

INVESTMENT ADVISORY SERVICES

Firm Brochure

Part 2A of Form ADV
March 15, 2024

Clelland & Company, Inc.

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Since 1989, Clelland & Company, Inc. has provided investment consulting and investment management services for a select group of clients throughout the western United States. We are a Registered Investment Advisor headquartered in San Diego, California.

This brochure provides information about the qualifications and business practices of Clelland & Company, Inc. If you have any questions about the content of this brochure, please contact us at (858) 587-8700 and/or info@clelland.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. Clelland & Company, Inc. is registered as an investment advisor with the SEC; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Clients should be aware that the term "Registered Investment Adviser" does not imply any certain level of skill or training.

Additional information about Clelland & Company, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 **Material Changes**

This Brochure contains no material changes from the annual update of this Brochure dated March 8, 2023.

Pursuant to the new SEC rules, Clelland & Company will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the end of the year. In the interim, if there are any changes that could affect the advisory relationship or any disciplinary information, an additional disclosure will be sent. If you would like to receive a full copy of the Clelland & Company, Inc. Brochure at no charge please call us at (858) 587-8700 or email info@clelland.com.

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Item 4 Advisory Business

Investment Advisory and Consulting Services Clelland & Company, Inc. provides investment advisory services to individual investors, foundations, endowments and pension funds for a fee, based upon a percentage of assets under management. Clelland & Company may also offer one-time or on-going consulting advice on investments for a specified project fee or annual retainer fee.

Since 1989, Clelland & Company, Inc. has provided investment consulting and investment advisory services for a select group of clients throughout the United States. We are an employee-owned Registered Investment Advisor headquartered in San Diego, California, with an additional office in Denver, Colorado. Clelland & Company is dedicated to identifying only the highest quality investment opportunities and providing the necessary experience, talent and attention to implement them to a successful conclusion.

Our range of expertise and experience includes investments in U.S. equity funds and securities, foreign equity funds, U.S. government and corporate debt funds, municipal bonds and municipal bond funds, real estate investment trusts and funds, and alternative strategies including hedge funds, commodities, distressed debt, private equity, and futures contracts.

In addition to investment advice and management, we offer wealth and life planning services that include estate planning, retirement planning and cash flow analysis. Working with other professionals such as estate attorneys, CPA's, independent trustees, executives of charitable organizations, and employee benefit professionals, we become part of our clients' wealth advisory team.

The officers of Clelland & Company, Inc. are Matthew Medeiros, President, CEO and CCO and Hannah O'Loughlin, Vice President and CFO. The Company's investment decision-makers and associates are required to have a minimum of a college degree plus work experience and to have an understanding of investments and portfolio management techniques. They are also required to pass the Uniform Investment Adviser (Series 65) Examination or equivalent, or be making progress towards passing. Our employees hold other relevant securities designations such as the Chartered Financial Analyst® (CFA®) or the Certified Private Wealth AdvisorSM (CPWA®) designations. See the Brochure Supplement (Part 2B of Form ADV) for the educational background and business experience of employees who manage portfolios for our clients.

December 31, 2023**Assets under management:**

Discretionary:	\$316,251,547
Non-Discretionary:	<u>\$ 83,535,172</u>
Total:	\$399,786,719

Item 5 Fees and Compensation

Investment Advisory Services Fees are payable quarterly in arrears and may be negotiated based on individual circumstances. Our advisory fees are deducted directly from client accounts or invoiced, whatever is most convenient. Our current standard annual fees are based on a tiered schedule as follows: 1.00% on accounts up to \$1,000,000; 0.75% from \$1,000,000 to \$5,000,000; 0.50% from \$5,000,000 to \$10,000,000; and negotiable on accounts over \$10,000,000. In some cases, rates may be discounted for charitable, non-profit, multiple affiliated accounts or other considerations. Upon 30 day's written notice, a client may terminate Clelland & Company's services with fees prorated to date of termination and transfer of assets.

Investment Consulting Services Fees are negotiable, depending on the nature and complexities of services provided, and are agreed upon in advance with clients. For clients on an annual retainer, these fees will be invoiced quarterly, after services are provided. The Company does not receive commissions, rebates, administrative fees or other compensation (soft-dollar or otherwise) for its consulting services.

All fees paid to Clelland & Company for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders, and from those fees charged by money managers, banks, custodians, Exchange Traded Funds, securities commissions and all other vendors of investment services. These fees are described in each fund's prospectus or in such vendor's literature. The client should review both the fees charged by the funds and other service providers as well as the fees charged by Clelland & Company to fully understand the total fees to be paid by them. Clelland & Company does not share in any fees, commissions, or other charges levied by these institutions.

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

Clelland & Company does not accept performance based fees (where a manager is paid an additional percentage of the positive growth in an account). Clelland & Company also does not engage in Side-By-Side management (where a manager charges a performance based fee to some accounts and another type of fee for others).

Item 7 Types of Clients

Clelland & Company provides investment supervisory services to high net worth individuals and families, personal trusts, pension and profit sharing plans, benefit trusts, charitable organizations, corporations and other business entities. Our minimum account size is \$1,000,000, although under special circumstances, the minimum may be waived.

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

Investment Methodology Clelland & Company's methodology includes the design of asset allocation strategies that develop diversified portfolios; calculating asset class weightings, returns and risk levels; computing the optimal mix of investment for alternative investment strategies; screening and selecting mutual funds, exchange traded funds, hedge funds and/or investment managers from a broad range of investment firms.

Risks Clelland & Company invests primarily in stock and bond mutual funds, which are subject to the multiple risks associated with the stock and bond markets, any of which could cause an investor to lose money.

Funds that invest in equities are subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Funds that invest in foreign markets are also subject to the following risks associated with direct investments in foreign stocks: country/regional risk, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of companies in any one country or region; and currency risk, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Country/regional risk and currency risk are especially high in emerging markets.

Bond funds are subject to bond risks: interest rate risk, which is the chance that bond prices overall will decline because of rising interest rates; income risk, which is the chance that the underlying fund's income will decline because of falling interest rates; credit risk, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline, thus reducing the underlying fund's return; and call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The underlying fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. For mortgage-backed securities, this risk is known as prepayment risk.

A portfolio may also be subject to asset allocation risk, which is the chance that the selection of underlying funds, and the allocation of assets to them, will cause the portfolio to underperform others with a similar investment objective. Any investment in individual securities, mutual funds, exchange traded funds, or other types of investment vehicles are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. These investments carry risks of loss of principal and must be approached with caution.

Item 9 Disciplinary Information

Clelland & Company and its management have never had an investment-related legal (civil or criminal) nor disciplinary action taken against it by any government regulatory agency, court or self-regulatory agency (SRO). There have been no legal or disciplinary actions taken or outstanding against any individual member of the Company.

Item 10 Other Financial Industry Activities and Affiliations

Clelland & Company is an independent investment advisory firm, wholly owned by its employees. We are not affiliated with any brokerage firm, investment advisor, bank or other types of financial services providers. Our independence allows us to provide objective advice and guidance to our clients.

Other Business Activities The investment professionals of Clelland & Company may serve as expert witnesses from time to time. This activity is separate and distinct from investment advisory and consulting services provided by the Company. Compensation is quoted based on the nature of the case on hourly and daily rates that are typical for this type of service.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Clelland & Company Code of Ethics sets forth standards of conduct expected of all company personnel. It is based on the principle that all employees of the Company have a fiduciary duty to place the interest of our clients ahead of their own and that of the Company. These standards are considered to be the minimum level at which our employees will conduct themselves.

Clelland & Company has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Company and its personnel adhere to the highest standards of conduct and integrity, a duty of loyalty, fairness and good faith towards the Company's clients, and the obligation to adhere to the Code and its general principles. The Code covers a range of topics including: general ethical principles, reporting of personal securities trading, reporting of ethical violations, review and enforcement processes, and supervisory procedures. The Company will provide a copy of the Code of Ethics to any client or prospective client upon request.

In addition to always operating in an ethical manner, each employee signs a certificate promptly upon becoming employed or otherwise associated with the Company that evidences his or her receipt of this Code of Ethics.

All actions of Clelland & Company's employees with regard to client assets will be for the sole benefit of the client. Investment of client funds will be made in accordance with the client's Investment Policy Statement or plan. This document will provide investment guidelines that will be faithfully followed by each employee.

Personal Securities Trading Our portfolio managers and employees may from time to time purchase or sell the same securities for their own accounts that are recommended for purchase or sale for client accounts. In order to assure that client interests take precedence over the personal securities trading interests of others with the Company's control, transactions for client accounts will receive preference in terms of execution and price over transactions effected at or about the same time for the personal accounts of the Company, portfolio managers or employees.

No trade will be made in an employee's personal account that will cause a market impact on securities held by a client of Clelland & Company. The Company requires each employee to report on a periodic basis their personal securities holdings and transactions to ensure that client accounts are not disadvantaged by their personal securities transactions.

Item 12 Brokerage Practices

How We Select Brokers/Custodians Clelland & Company seeks to select a custodian who will hold your 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, these:

- 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 your account)
- 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

All trades are subject to the Company's and other sub-advisory managers' duty to seek "best execution" for your trades based on all relevant factors, as described in their sub-advisory contracts and mutual fund prospectuses. Although we may recommend your account be held at Charles Schwab & Company, Inc. (Schwab), at your direction, we can still use other brokers to execute trades for your account, as described in the 'Directed Brokerage' section.

For Clelland & Company client accounts maintained at Schwab, there are generally no separate charges for custody. Schwab is compensated by account holders through mutual fund expenses, commissions or other transaction-related fees for securities trades that are executed. Commission rates applicable to our client accounts have been negotiated based on our level of overall clients' assets maintained with the custodian. We make no contractual commitments as to the level of assets that will be maintained, so these rates are subject to change.

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage our business. Here is a more detailed description of Schwab's support services:

Services that Benefit You. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by

our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Services that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our personnel with other benefits such as educational seminars, meetings and conferences. Our employees may be provided with food, drinks or entertainment at these events that are incidental to the educational purpose of such seminars.

These services are made available to Clelland & Company on an unsolicited basis, at no charge to us, and are not contingent upon our committing to any specific amount of business (assets in custody or trading).

Clelland & Company endeavors to always act in our clients' best interests, although our recommendation that clients maintain their assets in accounts with certain custodians may be based in part on the benefit to the Company of the availability and discounted cost of some of the foregoing products and services and not solely on the nature, cost or quality of custody, investment and brokerage services provided by these firms, which may create a potential conflict of interest.

Clelland & Company is independently owned and operated and not affiliated with any custodial or brokerage firm.

Directed Brokerage or Trading with Other Brokers Although we work with a select number of brokers, in some cases our clients will express a preference for trading with a specific broker.

We make clients aware that by directing to brokers of their choice they may limit their ability to get best execution or negotiated commissions. Also, if Schwab is the custodian, they may charge a flat dollar amount as a “prime broker” or “trade away” fee for each trade that is executed by a different broker-dealer and is settled (deposited) into the Schwab custody account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we generally direct Schwab Brokerage execute most trades for your account.

Item 13 Review of Accounts

Our investment personnel monitor and review all client accounts on an on-going basis. Client requested actions, such as contributions or withdrawals from their accounts will be handled in a timely manner. These types of actions take into account available cash balances, types of investments, taxes and liquidity requirements. These transactions are seen as an opportunity to rebalance account investments to target levels.

On a monthly basis, we conduct a review of portfolios in order to determine whether a rebalancing is required in order to assure that the account is at or near its asset allocation targets.

Quarterly, we review portfolio and individual investment performance, asset allocation and the appropriateness of the allocation based on the clients’ goals and objectives. These goals are described in the Investment Policy Statement that is created and maintained for each discretionary client account.

On a quarterly or annual basis, most clients receive a package which includes economic highlights and an overview of each asset category and/or portfolio in which the client is invested. This review discusses the investment objective, portfolio characteristics, performance and asset allocation.

Based on the client’s desire, we will have face-to-face meetings on a periodic basis. For our individual clients, this tends to be annually and with institutional investors, on a quarterly basis.

Item 14 Client Referrals and Other Compensation

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

The Company has entered into a solicitation agreement with SEI Investment Management Company to provide services for clients with investable assets of \$50 million or more. We receive a fee that is a percentage of the fee charged by SEI, fully disclosed as required by rule 206(4)-3 under the Investment Advisers Act of 1940. Currently, we have only one agreement of this type in effect with SEI.

Item 15 Custody

As a registered investment advisor, Clelland & Company provides investment management and oversight for our client portfolios. We do not directly hold client assets as we manage them. This is the job of a qualified securities “custodian,” primarily Charles Schwab & Company, Inc. (Schwab). This firm is termed a “qualified custodian.” They provide security safekeeping, income collection from investments, online account access and client reporting. The custodians are authorized by our clients to take instructions from Clelland & Company to purchase and sell the investments for their accounts. This custodial system is designed to provide our clients with a high level of security and safety.

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab’s account statements to the periodic portfolio reports you receive from us.

We generally recommend that our clients use Charles Schwab & Company, Inc. (Schwab), member SIPC, as our preferred qualified custodian/broker dealer. While we recommend that you use Schwab, it is your final decision. With our assistance, you will open account(s) with Schwab by entering into account agreement(s) directly with them.

Clients are urged to carefully review all fees and other data on custodial statements and compare them to the documents and reports provided by Clelland & Company.

Item 16 Investment Discretion

Where our clients authorize us to exercise discretionary authority over the trading activity in their investment advisory accounts, we take responsibility to determine the type and amount of securities to be held and transacted in their account, within the guidelines jointly established in advance. These guidelines are usually described in the Investment Policy Statement that contains target allocations for asset classes, ranges around those targets and any specific restrictions on those investments. These targets and ranges will be updated from time to time based on the client’s changing goals and/or market conditions. Clients are contacted frequently to discuss account asset allocation and specific portfolio holdings.

Investment consulting or retainer advisory clients receive services on a non-discretionary basis, meaning that they request research, information and recommendations from us. All final decisions regarding the implementation of these services will be made by the client.

Item 17 Voting Client Securities

Our clients have the option to vote their own proxies or have us do it for them. It is our general policy to vote proxies in a manner that maximizes shareholder value and is in the best interest of our clients. When authorized by our clients to vote their proxies, we will provide them with information about how their proxies were voted. When we are directed to not vote proxies, the proxy information will be sent directly to the client and voting responsibility will be theirs.

It is the Company's view that proxy voting is a fiduciary obligation subject to the requirement of acting in the client's best interest. Our full Proxy Policy is available on request.

Item 18 Financial Information

Clelland & Company, Inc. is a privately held California 'C' Corporation whose ownership is held by active Company employees. The Company has been in continuous operation since 1989. We do not publish financial statements, but maintain appropriate liquidity for operations.

Item 19 Requirements for State-Registered Advisers

Clelland & Company, Inc. is not a state-registered adviser. Advisors with more than \$100 million in assets under management, like Clelland & Company, are required to be registered with the Securities and Exchange Commission (the SEC).