

Item 1 – Cover Page

Form ADV Part 2A

## **CLEARWELL ADVISORS, LLC**

610 W. De Leon St  
Tampa, FL 33606-2720  
(813) 347-4301

**March 31, 2024**

*This brochure provides information about the qualifications and business practices of Clearwell Advisors, LLC (hereinafter “Clearwell Advisors”, “Adviser” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above or contact our Chief Compliance Officer, Daniel Capozzo, at [dan@clearwelladvisors.com](mailto:dan@clearwelladvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.*

*Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*The Firm is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the SEC as an investment adviser does not imply a certain level of skill or training.*

**Item 2. Material Changes**

In this Item, Clearwell Advisors is required to discuss any material changes that have been made to the brochure since the last annual amendment published in March 2023.

In March 2024, Clearwell Advisors, LLC status changed from a Florida state-registered investment adviser to a U.S. Securities and Exchange Commission (SEC)-registered investment adviser. In March 2024, Clearwell Advisors, LLC was assigned the rights to use the name “Clearwell Group” through a trademark assignment agreement and began providing investment advisory services under both names: Clearwell Advisors, LLC, and the trade name “Clearwell Group”. Along with this, Douglas J. Free, key employees, investment advisory personnel, and operations of the Clearwell Family Office (the “CFO”), a former exempt investment advisor, was consolidated with the investment advisory operations of Clearwell Advisors, LLC. Douglas J. Free is the owner and founder of the Clearwell Family Office, and Ryan D. Cortner was a key employee of the CFO. Please review Item 4. “Advisory Business”, and Item 10. “Other Financial Industry Activities and Affiliations”, for more detailed information about these changes.

Other changes have been made to this Firm Brochure, some of which improve the disclosures in this document, but the Firm does not consider these changes to be material.

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## Item 4. Advisory Business

Clearwell Advisors, LLC is an investment advisory firm based in Tampa, Florida that provides wealth management services, which includes financial planning, advisory services, and discretionary and/or non-discretionary investment management of investments and investment portfolios. In providing these services, Clearwell Advisors works closely with clients to develop a clear strategy and playbook to accomplish each client's goals balanced by risk management. The Firm considers business ownership, estate plans, family succession, tax strategy, charitable giving objectives, future commitments, and ambitions to construct a customized plan for each client. Clearwell Advisors provides informed investment services specific to the client's plans, specific circumstances, and objectives.

Clearwell Advisors, LLC was formed in 2019 and is principally owned by Douglas J. Free and Ryan D. Cortner. As of February 29, 2024, Clearwell Advisors had approximately \$362 million in regulatory assets under management, managed on a discretionary basis. The firm operates its investment advisory business under the name Clearwell Advisors, LLC, and under the trade name "Clearwell Group". Historically, the owners and many of the personnel that constitutes the Firm operated within Clearwell Family Office ("CFO") and provided investment advisory services and other services to members of a family, various related trusts, charitable foundations, pooled investment vehicles, and certain key employees of CFO (together the "FOCs"). As part of the business initiative to offer investment advisory services to investors not only affiliated with CFO, all CFO investment advisory operations have been consolidated into the Firm, and the Firm has registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Douglas J. Free is the owner and founder of CFO, and Ryan D. Cortner was a key employee and managed investments for the CFO.

Prior to Clearwell Advisors rendering advisory services, clients are required to enter into one or more written agreements with Clearwell Advisors setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

### Wealth Management Services

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The Firm provides clients with wealth management services, which includes financial planning, advisory services, and discretionary and/or non-discretionary investment management of investments and investment portfolios.

### Investment Management

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Clearwell Advisors manages equity focused investment portfolios and asset allocation strategies that target diversification within equities across large, mid, and small cap equities, and across factor styles such as quality, growth, and value. Allocations include both domestic and international strategies. Clearwell Advisors direct portfolio management strategies include investments in exchange-traded funds ("ETFs"), mutual

funds, bonds, individual debt and equity securities, and other instruments. In addition, after performing investment manager, product, and strategy due diligence, Clearwell recommends certain third-party investment managers to complement a client's portfolio under a manager of managers model. Clearwell Advisors is independently owned and operated and is not affiliated with any third-party investment manager.

Third party investment managers are selected across assets classes such as venture capital, public and private equities, credit, real estate, fixed income, hedge funds and other alternative strategies. Direct fixed income and cash management strategies are also utilized depending on each client's goals.

The Firm offers a direct private equity investment platform to clients that is focused on control equity investments in companies primarily located in the southeastern United States. The Firm and an affiliate of the Adviser, Clearwell Fund Management, LLC, sponsors pooled vehicles engaged in private equity investments and other types of investments.

Clearwell Advisors at times recommends that eligible clients invest in privately placed investments, which may include debt, equity, and/or interests in pooled investment vehicles (e.g., limited liability corporations, privately placed international and specialty equity managers, hedge funds, and private equity funds).

The Firm offers a direct private real estate investment platform to clients that is focused on investments in commercial, industrial, and multi-family residential properties with a strong preference for opportunities in the southeastern United States.

An affiliate of the Adviser, Clearwell Fund Management, LLC, sponsors pooled vehicles engaged in real estate investments and real estate property development. These investments are exempt from registration by Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D. Each pooled vehicle is not registered as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act") and is exempt from registration as an "investment company" pursuant to Section 3(c)(5) and Section 3(c)(6) of the Investment Company Act. Section 3(c)(6) is available for companies engaging, directly or indirectly through majority-owned subsidiaries, in a business described under Section 3(c)(5) of the Investment Company Act. Section 3(c)(5) exempts from registration entities primarily engaged in the business of "purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." Clients are advised that a conflict of interest exists for the Firm to recommend that clients invest in a pooled vehicle sponsored by a Firm affiliate. A Firm affiliate and Firm employees are often also investors in such pooled vehicles. Each pooled vehicle's governing documents describe the investment objectives, terms, conflicts, and other important disclosures, and each investor is encouraged to review these documents before investing.

The Firm provides advice on other private equity, real estate investments, and real estate development projects as part of the advisory services. Where appropriate, the Firm also provides advice about legacy positions and other investments held in client portfolios.

Clearwell Advisors tailors its portfolio management services to meet the needs and objectives of individual clients and seeks to ensure that clients' portfolios are managed in a manner consistent with those needs and objectives. Clearwell Advisors consults with each client on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints, and other related factors relevant to the

management of their portfolios. Clients are advised to promptly notify Clearwell Advisors if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios.

Clients can impose reasonable restrictions or mandates on the management of their accounts if Clearwell Advisors determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Financial Planning and Advisory Services**

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Clearwell Advisors offers clients a range of financial planning and investment advisory services, which includes the following:

- Portfolio & Security Analysis
- Asset Allocation Strategies
- Investment Manager Due Diligence
- Investment Consulting
- Real Estate Investment Deal Sourcing and Due Diligence
- Business Planning
- Retirement Planning
- Risk Management
- Cash Flow Forecasting

Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Clearwell Advisors or its affiliates to provide (or continue to provide) services for compensation, including financial planning and advisory services. Clients retain absolute discretion over all decisions to engage and are under no obligation to act upon any of the recommendations made by Clearwell Advisors under a financial planning or advisory engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any changes in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Clearwell Advisors' recommendations and/or services.

### **Item 5. Fees and Compensation**

Clearwell Advisors offers investment advisory services on a fee basis, which include fees based upon assets under management and/or advisement, as well as fixed fees. Clients are advised that comparable services may be available from other sources for lower fees.

**Wealth Management Fees**

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The Firm receives fees for Financial Planning, Advisory services and for Investment Management services. These fees can be bundled or separately assessed and will be specified in each client's advisory agreement with the Firm.

**Financial Planning & Advisory Fees**

Clearwell Advisors charges fixed fees for providing financial planning and certain advisory services. The Firm's fees for these services may also be included in the Firm's asset-based fee for overall wealth management services, as described above. The terms and conditions of the financial planning and/or advisory engagement are set forth in the Advisory Agreement. All Wealth Management Fees are subject to negotiation.

**Investment Management Fees**

Investment management fees are based on the amount of assets in client accounts under management including cash and accruals and if applicable certain held-away assets under advisement.

The Firm's standard Investment Management fee schedule is as follows:

**INVESTMENT MANAGEMENT FEE SCHEDULE (ANNUAL RATES)**

1% of the first \$10,000,000 of market value plus

0.60% of the additional market value balance of the account.

Investment management fees are prorated and can be charged quarterly in arrears, or in advance, based upon the market value of the assets including cash and accruals being managed by Clearwell Advisors, on the last day of the previous quarter. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate. All fees are subject to negotiation and certain clients are under a different fee agreement than the schedule detailed above. Clients may elect to be billed directly for fees or to authorize Clearwell to directly debit fees from client accounts.

With respect to pooled investment vehicles, the Firm or an affiliate receives an asset-based management fee borne by the investors in the pooled vehicle, as described in each pooled vehicle's governing documents. Apart from management fees, in certain instances, the Firm or affiliate is eligible to receive a carried interest allocation from each pooled vehicle upon reaching specific performance benchmarks, as detailed in the governing documents. This carried interest constitutes a share of the pooled vehicle's net investment profits. The managing member holds the discretion to potentially waive or reduce both management fees and carried interest for some or all of the investors, as outlined in the governing documents. Each pooled vehicle also bears organizational expenses and professional fees. Investors are encouraged to review these

governing documents before making an investment in a pooled vehicle.

**Fee Discretion**

Clearwell Advisors may, in its sole discretion, negotiate to charge a lesser fee (or no fee) based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, family and related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

**Additional Fees and Expenses**

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In addition to the advisory fees paid to Clearwell Advisors, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, investment managers, and other financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, investment management fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described further in Item 12, below.

**Direct Fee Debit**

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Clients provide Clearwell Advisors with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Clearwell Advisors. Where required, Clearwell Advisors will also send to clients a written invoice itemizing the fee, including the information used to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based.

**Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to Clearwell Advisors’ right to terminate an account and the liquidity or marketability of the underlying investments. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients can withdraw account assets on notice to Clearwell Advisors, subject to the usual and customary securities settlement procedures. Clients are advised that Clearwell Advisors does not maintain physical custody of client assets and that accordingly, withdrawals requested by clients (including by Clearwell Advisors on client instructions) are subject to the liquidity terms of the underlying managers and asset classes. Where investments are made in pooled and other co-mingled vehicles, clients will have to wait until those investments are liquidated.

Furthermore, the Firm designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. Clearwell Advisors may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

Clearwell Advisors does not provide the firm's standard wealth management services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets). However, certain Firm affiliates such as the sponsor of the pooled vehicles engaged in private equity, real estate, and other investment strategies described in Item 4., are eligible to receive performance-based fees as per the terms of each pooled vehicle's governing documents. Eligible clients and investors are provided with the governing documents for each pooled vehicle and are instructed to review the terms and risks of each investment. In addition, certain advisory services such as Real Estate Investment Deal Sourcing and Due Diligence, include terms that provide for the Firm or an affiliate to receive performance-based fees subject to the specifications outlined in the advisory agreement for these advisory services.

Certain persons of the Firm simultaneously manage investments that are subject to performance-based fees and accounts that are charged asset-based fees. This portfolio management relationship is often referred to as side-by-side management. Investments that pay performance-based fees reward the Firm based on the performance returns of the investment. As a result, performance-based fee arrangements likely provide a heightened incentive for portfolio managers to make investments that present a greater potential for return but also a greater risk of loss and that may be more speculative than if only asset-based fees were applied. The side-by-side management of investments that pay performance-based fees and accounts that only pay an asset-based fee creates a conflict of interest because there is an incentive for the portfolio manager to favor investments with the potential to receive greater fees. The Firm has adopted policies and procedures in an effort to ensure that all of its clients are treated in a fair and equitable manner. See Item 8 ("Methods of Analysis, Investment Strategies and Risk of Loss") below.

## **Item 7. Types of Clients**

Clearwell Advisors primarily offers investment advisory services to high net worth individuals and business owning families, trusts, estates, charitable organizations, corporations, limited liability companies, and other partnerships, pooled investment vehicles and other business entities.

### **Minimum Account Value**

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To initiate and sustain an investment management relationship, Clearwell Advisors generally recommends a minimum portfolio value of \$10,000,000. Clearwell Advisors may in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated

future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and pro bono activities. Clearwell Advisors accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Clearwell Advisors can aggregate the portfolios of clients' family members to meet the minimum portfolio size.

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

### **Methods of Analysis, Investment Strategies and Risk of Loss**

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Clearwell manages long-term investment strategies with a significant emphasis on equities. This emphasis is rooted in the belief that over an extended period, equities offer the greatest potential for returns. With our preference for equities, our goal is to establish well-diversified portfolios that encompass traditional investor asset classes alongside alternatives like real estate, commodities, and private equities. We believe asset allocation is the most important tool we have as investors and represents the most significant determinant of returns over time. Maintaining our target asset allocation models along with optimal diversification allows us to avoid market timing and material single factor risks to our portfolios. We strive to identify and access the best investment managers and strategies within each asset class and to provide a portfolio-level view on investment allocations, correlations, and risks. When deploying new capital, we are also tactical and seek out the investment opportunities that we believe provide the best risk adjusted return profile within the asset allocation framework. As advisors and capital allocators, our primary focus is on long-term growth. We also consider risk management and preservation of capital. We believe that this long-term strategy is fundamental to the process of building, safeguarding, and growing wealth. When evaluating investment opportunities, the Firm primarily utilizes the fundamental method of analysis. Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund, investment manager, real estate project, operating business, or investment opportunity. When selecting third party investment managers, this process involves an analysis of the investment manager's investment team, investment strategies, style drift, past performance, reputation, and financial strength. Approved investment managers and investment products are then allocated based upon each client's asset allocation model targets and risk tolerance. Clearwell Advisors then monitors the selected managers and products on an ongoing basis to ensure that they continue to adhere to the Firm's standards of quality and risk control. Individual investment opportunities are evaluated and underwritten based on financial metrics, expected return, downside risk estimates, management team track record, market opportunity, and projected growth. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a investment manager or investment opportunity may be positive, evolving market conditions and other events can negatively impact the strategy, investment, or security.

As set forth above, Clearwell Advisors works closely with clients to develop a clear strategy and playbook to accomplish each client's goals balanced by risk management. Clearwell Advisors' clients are typically high net worth individuals and entrepreneurial, founder families who are often still involved in a family business and desire to invest across a diversified broad investment platform and to invest in other businesses and real estate. The Firm considers asset ownership, asset protection, estate plans, family succession

planning, tax strategy, charitable giving objectives, future commitments, and ambitions, to construct a customized plan for each client and family. Clearwell Advisors provides informed investment services specific to the client's plans, specific circumstances, and objectives.

#### *Investment Policy and Portfolio Design*

Clearwell Advisors designs an investment policy for each client which works in conjunction with the client's overall estate, giving, and succession plans. The strategy considers each client's ability and willingness to take risks, as well as their return objectives to design a portfolio that combines opportunistic growth with downside protection in a tax-aware investment framework.

Clearwell Advisors allocates to or purchase securities directly to implement a portion of the wealth management program including stocks, bonds, mutual funds, ETFs, options, or commodity linked instruments. Clearwell Advisors also has experience in building allocation strategies that include venture capital, private funds, other family-owned businesses, private equity investments, real estate investments, alternatives, and specialty investment managers with awareness towards individual client liquidity needs.

#### *Pooled Investment Vehicles and Investment Allocations*

At times, to participate in certain direct investment opportunities such as real estate or investing in an operating business, a Firm affiliate will sponsor a pooled investment vehicle. Eligible clients will approve a capital commitment to the pooled vehicle and will contribute funds either at inception, or over the investment period. Investors are encouraged to review the pooled vehicle's governing documents before making an investment in a pooled vehicle.

The Firm can source, evaluate, and recommend investment opportunities that are not suitable or accessible for all clients. The Firm invests across a broad platform of various asset classes and different investment products. These investment products often have high investment minimums and other restrictions that make these investments not accessible or suitable for certain clients. Furthermore, certain investment opportunities have other limitations such as accredited and qualified investor classifications. A conflict of interest exists to the extent a limited investment opportunity is suitable for one or more advisory clients of Clearwell Advisors and one or more former FOCs. Clearwell Advisors has adopted investment allocation procedures and implemented policies to ensure that where a *pro-rata* allocation among all accounts for which the opportunity is appropriate is not possible, investment opportunities are allocated fairly among and between its advisory clients. When a limited investment opportunity is recommended by the investment team to Firm clients each specific investment opportunity is considered if it is consistent with each client's goals, risk tolerance, accredited or qualified status, and appropriate within asset allocation targets defined in each client's investment policy statement. Minimum investment levels often deem certain clients ineligible based on overall portfolio assets. Clients should be aware that not all asset classes and products in which the Firm invests on behalf of the former FOCs will necessarily be made available to clients who are not former FOCs.

**Risk of Loss**

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities.

All investments made by the Firm on behalf of clients risk the loss of capital. Set forth below are certain material risk factors applicable to all clients and/or investors. These risk factors do not purport to be a complete list or explanation of the risks involved for each client. The governing documents applicable to certain investments include a more detailed summary of the material risks and the investment strategies for those pooled vehicles and should be read in conjunction with the risk factors identified below. As respective strategies develop and evolve over time, an investment may be subject to additional and different risk factors than those described herein.

Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

*No Guarantee of Investment Returns*

The Firm is unable to provide clients with certainty that their investments will yield returns or that these returns will align proportionately with the associated risks of investing in the specific types of investments or assets aligned with each client's individual investment objectives. Clients may engage in agreements or investments that incur significant costs, with the potential consequence of eliminating the possibility of a return. Targeted returns may not be achieved.

*Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Clearwell Advisors' recommendations and/or investment decisions may depend largely upon correctly assessing the future course of price movements of stocks, bonds real estate, private equity, and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that the Firm will be able to predict these price movements accurately or capitalize on any such assumptions.

*Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

*Cash Management Risks*

The Firm may invest some of a client's assets in money market funds or other similar types of investments,

during which time an advisory account may be prevented from achieving its investment return objective.

#### *Equity-Related Securities and Instruments*

The Firm may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization, and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

#### *Use of Independent Managers*

As stated above, Clearwell Advisors selects certain Independent Managers to manage a portion of its clients' assets. In these situations, Clearwell Advisors continues to conduct ongoing due diligence of such managers, but such recommendations rely largely on the Independent Managers' ability to successfully implement their investment strategies. In addition, Clearwell Advisors does not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Fixed Income Securities*

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and to price volatility. Fixed income securities are also subject to interest rate risk and duration risks.

#### *ETFs and Mutual Funds*

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

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

mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Private Pooled Investment Vehicles*

Clearwell Advisors recommends that certain eligible clients invest in privately placed pooled investment vehicles (e.g., limited partnerships, hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is less regulation. There is liquidity risk and numerous other risks in investing in these vehicles. Clients should consult each vehicle's private placement memorandum and/or other governing documents explaining such risks prior to investing.

#### *Master Limited Partnerships (MLPs)*

Master Limited Partnerships ("MLPs") are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation, and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

#### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

#### *Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

*Real Estate Risks*

Real estate, like many other long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of real estate investments. The cash flow and value of such investments will depend on many factors beyond the control of the Firm, including, without limitation, changes in general economic or local conditions; changes in supply of or demand for competing properties in an area; changes in interest rates, which may affect, among other things the ability to enter into a favorable transaction or the ability to sell all or part of an investment; the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and tenant safety; unavailability or cost of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; the financial condition of borrowers and of tenants, buyers and sellers of property; changes in tax rates and other operating expenses (including the cost and availability of insurance of all types (particularly windstorm and flood insurance)); the imposition of rent controls; energy, materials and/or labor shortages or the cost thereof; various uninsured or uninsurable risks; natural disasters; war; and terrorism. There is no assurance that there will be a ready market for real estate investments because investments in real estate generally are less marketable and illiquid due to the unavailability of reliable or any market quotations.

*Pooled Vehicle Risks*

An investment in pooled vehicles is suitable only for certain sophisticated investors who have no need for immediate liquidity in respect of their investment and who can accept the risks associated with investing in illiquid investments. In most cases, these pooled vehicles lack diversification and invest in a single real estate project or investment, or a single operating business. Prospective investors considering investing in pooled vehicles should review each investment's operating and offering documents and carefully consider the specific risks associated with each specific investment.

*Valuation of Assets Risk*

Clients' investments that consist of illiquid assets often lack readily available market prices. The valuation of these investments relies on estimates, either from the Firm or an independent third party, regarding their fair value as of the determination date. Determining fair value in good faith is not bound by a single standard; instead, it is more accurately represented as a range of values, from which a singular estimate can be derived.

The Firm derives the fair value of certain illiquid investments using third-party models or its own models, incorporating methods such as discounted cash flow analyses, adjusted EBITDA, and other methods. These models may, in part, rely on independently sourced market data. Various factors, including cash flow timing, discount rate assumptions, market multiples, execution capability, and anticipated financing proceeds, are considered with their importance adjusted based on circumstances. The inherent uncertainty in these valuations can lead to significant fluctuations over short periods. Due to reliance on estimates and

substantial assumptions, the Firm's fair value determinations may differ markedly from market values.

#### *Leverage Risks*

Certain investment strategies involve various forms of leverage, often maintaining a significant leverage ratio. Leveraging offers potential for increased total returns but also poses the risk of amplifying losses. If returns from leveraged investments fall short of covering borrowing costs, the overall return for a leveraging client may decrease. Adverse events affecting portfolio investments could have a magnified impact on leveraged clients. In a market downturn or credit deterioration, the cumulative effect of leverage may result in substantial losses surpassing those experienced by non-leveraged clients.

Lenders' contractual obligations to reduce leverage may prompt selling of investments at lower prices. In case of creditor claims, they often take precedence over investor rights. If losses exceed invested capital, investors risk losing their entire investment.

#### *Inflation Risk*

This risk relates to the potential decline in a client's investments or income due to inflation eroding purchasing power over time. Recent inflation rates in the U.S. and other developed economies have been higher than usual. The sustainability and long-term impact of these elevated inflation levels remain uncertain. Historically and possibly in the future, inflation's rapid fluctuations adversely affect economies and financial markets, especially in emerging economies. For instance, during high inflation, portfolio entities may struggle to increase revenue, impacting profitability. Some entities' revenues are tied to inflation through government regulations and contracts, leading to increased revenue but also higher expenses. Conversely, during declining inflation, cutting expenses may be challenging for entities proportionate to decreased revenue.

Inflationary periods often raise wages and input prices, negatively affecting investment returns. Government measures to stabilize inflation, like wage and price controls, can have adverse effects on economic activity. Despite efforts, there is no guarantee that inflation won't pose challenges, impacting client returns. The ongoing prevalence of inflation in the U.S. and/or other economies also poses a risk of materially impacting client returns.

#### *Financial Institution Distress Event Risks*

The possibility of financial institution distress poses a threat to investments. There is a risk that banks, brokers, hedging counterparties, lenders, or custodians (referred to as "Financial Institutions") associated with the Firm, a client, or a third-party investment manager may fail to meet obligations or experience financial distress. This risk is illustrated by events such as the financial challenges faced by Silicon Valley Bank, Signature Bank and First Republic Bank in 2023. Various factors, such as deteriorating market sentiment, substantial withdrawals, fraud, malfeasance, poor performance, or accounting irregularities, can trigger these types of events. Should a Financial Institution encounter distress, it may lead to a prolonged

or indefinite inability for the Firm, its clients, third party managers, and/or their portfolio companies to access deposits, borrowing facilities, or other services. The Firm strives to engage with creditworthy custodians capable of meeting obligations but is not required to utilize a specific number of custodians or maintain account balances within insured limits.

#### *Cybersecurity Risks*

The Firm, service providers, and market participants heavily depend on complex information technology and communication systems for business operations. Despite efforts to implement technologies and practices for risk mitigation, these systems are susceptible to various threats that could have adverse effects on clients and investors. Unauthorized third parties might attempt to access, modify, disrupt operations, or fraudulently induce disclosure of sensitive information. Successful security breaches may result in data or fund loss, inability to access electronic systems, theft of proprietary information, regulatory penalties, reputational damage, and financial loss. The Firm may face significant costs in investigating cybersecurity incidents and enhancing protections. Similar operational and technology risks also exist for third party managers and companies in which clients invest, potentially resulting in adverse consequences and devaluation of investments.

### **Item 9. Disciplinary Information**

Clearwell Advisors has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations or any relationship or arrangement that is material to our advisory business, clients, or management persons, and potential conflicts of interest that exist due to these relationships.

#### **Firm Control Person & Affiliated Family Office Services Company**

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The Firm is directly owned and controlled by Douglas J. Free who is the owner and founder of Clearwell Family Office. As described under Item 4., the investment advisory operations of CFO was merged with the Firm to provide investment advisory services to the former FOCs and other clients. A potential conflict of interest exists insofar as the Firm may be incentivized to favor the former FOCs due to this prior relationship. The Firm has policies in place to address this conflict of interest and to ensure that all the Firm's clients are treated in a fair and equitable manner. Clearwell Advisors is under common control with a Family Office Services Business (the "FOSB"), that provides services such as trust management, philanthropic consulting, treasury management, family governance, tax advisory, and other services to the former FOCs. The Firm shares office space and personnel with the FOSB. Shared personnel will have a conflict in allocating their time and services to and among the clients. Personnel will allocate time to each client as the Firm deems appropriate to perform the duties set forth in each advisory agreement. Prior to

March 2024, the FOSB was part of the CFO whose investment advisory operations was consolidated into the Firm.

Neither the Firm nor any of its officers or principals is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

#### **Affiliate Sponsored Limited Liability Companies (“LLC”)**

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Certain Firm officers, employees, former FOCs, and other advisory clients and affiliates of the Firm, have ownership interests in LLCs and other pooled vehicles that are sponsored by the Firm or a Firm affiliate. A conflict of interest exists for Clearwell Advisors and affiliates to recommend advisory clients purchase ownership interests in these LLCs because such investments benefit the Firm, affiliates, and certain members of the Firm. Investors and prospective investors in a LLC and other pooled vehicles should refer to the partnership’s governing documents for more detailed information on all terms including the fees, carried interest, and other expenses that investors in the pooled vehicle will bear.

### **Item 11. Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

Clearwell Advisors has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Clearwell Advisors’ Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and trading the same of securities ahead of clients to take advantage of pending orders.

Firm Members and employees maintain independent investment portfolios for themselves and/or their families. The personal accounts of Firm officers and employees hold certain of the same securities that are held and traded in client accounts. All transactions made by Firm officers and employees in any personal accounts are reported quarterly to the Chief Compliance Officer (“CCO”) for review to ensure that at all times client investment interests are protected from conflicts of interests. The interests of the clients are placed ahead of the Firm’s officers and employees. A conflict of interest exists for Firm personnel to transact in and hold the same securities as clients. The Firm has established policies to ensure the Firm acts in the best interests of clients.

The Code of Ethics requires Clearwell Advisors’ personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, and limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities.

Firm personnel are prohibited from giving or receiving gifts or business entertainment meant to influence decision-making or raise concerns about their ability to exercise independent judgment for the Firm's clients. The Code mandates pre-clearance with the Firm's CCO for gifts and business entertainment exceeding specified thresholds. Additionally, personnel must seek pre-clearance for outside business activities and certain political contributions. Employees must annually certify their compliance with the Code, confirming that they have disclosed all necessary personal securities transactions, holdings, and accounts as required by the Code.

The Firm's employees must certify annually that they have read and agree to comply with the Code and that they have disclosed or reported all personal securities transactions, holdings and accounts required to be disclosed or reported by the Code.

Clients and prospective clients may contact Clearwell Advisors to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

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Clearwell Advisors clients utilize the custody, brokerage, and clearing services of JP Morgan Chase ("JPM"), National Financial Services LLC, and Fidelity Brokerage Services LLC (together with affiliates, "Fidelity") for most investment management accounts. The final decision to custody assets with JPM or Fidelity is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Clearwell Advisors is independently owned and operated and not affiliated with any bank, broker, investment manager or custodian. Fidelity provides Clearwell Advisors with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Clearwell Advisors considers in utilizing JPM, Fidelity, or any other Financial Institution for clients include their respective financial strength, reputation, execution, pricing, research, and service. Fidelity enables the Firm to obtain certain mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by custodians utilized by the Firm may be higher or lower than those charged by other Financial Institutions.

The fees and commissions paid by Clearwell Advisors' clients to JPM and Fidelity comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to affect the same transaction where Clearwell Advisors determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Clearwell Advisors seeks competitive rates but may not necessarily obtain the lowest

possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

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

Clearwell Advisors periodically reviews its policies and procedures regarding its utilization of Financial Institutions considering its duty to obtain best execution.

#### **Support Provided by Financial Institutions**

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Clearwell Advisors receives administrative support, and platform access, (together "Support") from Fidelity and JPM, which allows Clearwell Advisors to better monitor client accounts maintained at these Financial Institutions and otherwise conduct its business. Clearwell Advisors receives the Support because the Firm renders investment management services to clients that maintain assets these Financial Institutions. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Clearwell Advisors, but not its clients directly. Clients should be aware that Clearwell Advisors' receipt of benefits such as the Support from a Financial Institution creates a conflict of interest since these benefits may influence the Firm's choice of Financial Institution over another that does not furnish similar support, especially because the support is contingent upon clients placing a certain level(s) of assets at Fidelity and/or JPM. In fulfilling its duties to its clients, Clearwell Advisors endeavors at all times to put the interests of its clients first and has determined that the utilization of Fidelity & JPM is in the best interest of clients and satisfies the Firm's duty to seek best execution.

#### **Brokerage for Client Referrals**

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Clearwell Advisors does not consider, in selecting or utilizing Financial Institutions, whether the Firm receives client referrals from the Financial Institutions or other third parties.

#### **Directed Brokerage**

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The client may direct Clearwell Advisors in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account

with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Clearwell Advisors (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Clearwell Advisors may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

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Transactions for each client will be executed independently, unless Clearwell Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Clearwell Advisors may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Firm’s clients. Under this “batch” procedure, transactions will be averaged as to price and allocated among Clearwell Advisors’ clients pro rata to the purchase and sale orders placed for each client on any batch trade. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Clearwell Advisors’ Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Clearwell Advisors does not receive any additional compensation or remuneration as a result of the aggregation.

## **Item 13. Review of Accounts**

### **Account Reviews**

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Clearwell Advisors monitors client portfolios on an ongoing basis. Such reviews are conducted by the Firm’s investment team. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Clearwell Advisors and to keep the Firm informed of any changes thereto. The Firm meets with investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### **Account Statements and Reports**

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Clients are provided with notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Clearwell Advisors and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or

account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Clearwell Advisors or an outside service provider.

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

### **Client Referrals**

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The Firm does not currently provide compensation to any third-party solicitors for client referrals. In the event a future client is introduced to Clearwell Advisors by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable securities laws. Unless otherwise disclosed, any such referral fee is paid from Clearwell Advisors' or an affiliate, and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Clearwell Advisors' written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Clearwell Advisors is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## **Item 15. Custody**

The Firm does not accept physical custody of client cash or securities. The Firm will conduct all business operations in such a way that clients' cash and securities, other than privately offered, non-certificated securities, will be preserved in the safekeeping of independent qualified custodians. Clients should receive statements at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets with the exception of the pooled vehicles. The Firm urges its clients to carefully review such statements and compare such official custodial records to the account statements provided by Clearwell Advisors. The Firm's reports may vary slightly from custodial statements based on accounting procedures, reporting dates and/or valuation methodologies of certain securities. Please contact a Firm representative for additional information.

According to the Investment Advisers Act of 1940, as amended in December 2009, investment advisers are *deemed* under certain circumstances to have custody of clients' assets even though their clients' assets are held at a qualified custodian independent from the investment adviser. On this basis, Clearwell is deemed to have custody of client assets (i) where the Firm is authorized to deduct portfolio management fees directly from client accounts, (ii) where officers or employees of the Firm serve as trustees on clients' accounts, and (iii) in the event the Firm has the power to transfer client funds. Furthermore, when Clearwell or its affiliates act as managing member (or in a similar capacity) to private partnerships and other pooled vehicles, the Firm is deemed to have custody in these cases.

## **Item 16. Investment Discretion**

Clearwell Advisors is usually given the authority to exercise discretion on behalf of clients. Clearwell

Advisors is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Clearwell Advisors is given this authority through a limited power-of-attorney included in the advisory agreement between Clearwell Advisors and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Clearwell Advisors takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- Third-party investment managers to be hired or fired.

### **Item 17. Voting Client Securities**

Clients may elect to have the Firm vote proxies on their behalf or otherwise vote proxies themselves for their accounts. The Firm has created proxy voting policies and procedures to represent the best interests of the clients and to comply with applicable law. If a client elects to vote proxies for the client's own account(s), such proxies will be provided directly from the Financial Institutions where their assets are custodied. A copy of the Firm's written proxy voting policies and procedures will be maintained and available for client review upon written request.

### **Item 18. Financial Information**

Clearwell Advisors is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.