

**Roger Lambert Clifton**

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Brochure

May 1, 2012

**This brochure provides information about the qualifications and business practices of Roger L. Clifton. If you have any questions about the contents of this brochure, please contact me at (828) 863-4729. 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 Roger L. Clifton is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Information regarding the disciplinary history of Roger L. Clifton is also available from the Securities Division of the Secretary of the Commonwealth of Massachusetts.**

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## **I. Advisory Business**

Roger L. Clifton (the “Registrant”) is a sole proprietor investment adviser that is registered with the U.S. Securities and Exchange Commission (“SEC”) and the State of North Carolina and the Commonwealth of Massachusetts. The Registrant intends to withdraw from SEC registration on or before June 30, 2012 in response to SEC rulemaking but will remain registered in Massachusetts and North Carolina. The Registrant provides financial and investment counseling to individuals and high net worth individuals on an advisory, non-discretionary basis. The Registrant has provided these services since December 1982. The Registrant may offer advice on the following types of investments: equity securities, exchange-listed securities, securities traded over-the-counter, U.S. government securities, commercial paper, municipal securities, mutual fund shares and partnerships that invest in securities falling within the same broad range that applies to investments by mutual funds.

Prior to engaging the Registrant to provide financial and investment counseling services, the client will generally be required to enter into an investment advisory agreement with the Registrant setting forth the terms and conditions of the engagement and describing the scope of the services to be provided. Advisory agreements are terminable at any time by either party giving to the other written notice of such termination, except that the effective date of termination by the Registrant shall be thirty (30) days after the giving of such notice. In the case of advisory agreements in effect for less than a full calendar quarter, the fees are pro-rated and the unearned portions of prepaid amounts, if any, are refunded.

At the start of every engagement, the Registrant obtains from each client a written statement of the client’s goals and objectives and risk tolerance. The Registrant provides recommendations based on the client’s goals and objectives and risk tolerance. The Registrant’s clients are under no obligation to act upon any of the Registrant’s recommendations.

The Registrant does not provide portfolio management services to wrap fee programs.

As of May 1, 2012, Registrant advised \$54 million in client assets on a non-discretionary basis. The Registrant does not advise any client assets on a discretionary basis.

## **II. Fees and Compensation**

The Registrant receives a fee for the services he provides to his clients. The Registrant’s fee for services are at an annual rate that is as follows: the first million dollars (\$0-1 million) at the rate of 1.0% per annum, the second million dollars (\$1-2 million) at the rate of 0.8% per annum, the third million dollars (\$2-3 million) at the rate of 0.6% per annum and assets in excess of three million dollars (over \$3 million) at the rate of 0.4% per annum. At the Registrant’s sole discretion, the assets of two or more client accounts may be aggregated for purposes of calculating the applicable fee. With the exception of aggregating certain client accounts for purposes of calculating the Registrant’s fee, the fee payable to the Registrant is non-negotiable. Fees are calculated and payable quarterly in advance on the basis of a portfolio valuation made at the inception of the Registrant’s engagement and thereafter at the month end prior to the end of each calendar quarter.

Clients must sign a custody agreement with the Bank of America authorizing the withdrawal of the Registrant's fees directly from the clients' account at Bank of America on a quarterly basis. On a quarterly basis, the Registrant transmits an invoice to the Bank of America for payment of the Registrant's fee from the client's account with the Bank of America. The Registrant simultaneously transmits a copy of the invoice to the client.

The Registrant's fee is exclusive of, and in addition to, any brokerage commissions, transaction fees and other related costs and expenses which may be incurred by a client in acting upon the Registrant's recommendations. The Registrant does not receive any portion of these commissions, fees or other costs and expenses. Information regarding brokerage is discussed in greater detail under "Brokerage Practices" below.

As noted under "Advisory Business" above, in the case of advisory agreements in effect for less than a full calendar quarter, the Registrant's fees are pro-rated and the unearned portions of prepaid amounts, if any, are refunded to the client.

The Registrant does not accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **III. Performance-Based Fees and Side-by-Side Management**

The Registrant does not accept performance-based fees.

### **IV. Types of Clients**

The Registrant generally provides financial and investment counseling to individuals and high net worth individuals. Client accounts are generally subject to a minimum account size of \$1 million. At the Registrant's sole discretion, the minimum account size requirement may be waived or modified.

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

The Registrant may use various methods of analysis, including charting, fundamental, technical and cyclical analysis, in formulating investment recommendations for clients.

As discussed under "Advisory Business" above, the Registrant may offer advice on the following types of investments: equity securities, exchange-listed securities, securities traded over-the-counter, United States government securities, commercial paper, municipal securities, mutual fund shares and partnerships that invest in securities falling within the same broad range that applies to investments by mutual funds. The Registrant anticipates that the primary focus of most clients' investment programs will be investments in mutual funds.

Clients need to be aware that investing in securities involves risk of loss that the client should be prepared to bear. The following is a description of certain risks associated with the Registrant's method of analysis and the types of investments for which the Registrant may make recommendations:

*Adviser Risk* - The value of a client's portfolio may decrease if the Registrant's judgment about the quality, relative yield, value or market trends affecting a particular security, industry, sector or region, or about interest rates, is incorrect.

*Market Risk* - Share prices can fall because of, among other things, a decline in the market as a whole, deterioration in the prospects for a particular industry or company or changes in general economic conditions, such as prevailing interest rates and investor sentiment.

*Credit Risk* - The value of certain fixed income investments may be adversely affected if a security's credit rating is downgraded, an issuer of an investment fails to pay an obligation on a timely basis, otherwise defaults or is perceived by other investors to be less creditworthy.

*Interest Rate Risk* - The value of investments in fixed income securities may decline when prevailing interest rates rise or increase when interest rates go down. The longer a security's maturity or duration, the greater its value will change in response to changes in interest rates. The interest earned on investments in fixed income securities may decline when prevailing interest rates decline.

*Mutual Fund Risk* - A mutual fund may not achieve its investment objective or execute its investment strategy effectively.

## **VI. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Registrant's advisory business or the integrity of Registrant's services.

The Registrant is not registered as a broker-dealer or a registered representative of a broker-dealer.

The Registrant is not registered as a futures commission merchant, a commodity pool operator, a commodity pool trading adviser or an associated person of any of these entities.

The Registrant does not recommend or select other investment advisers for his clients.

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

The Registrant does not have any relationships or arrangements with financial industry participants that are material to the Registrant's advisory business or to the Registrant's clients.

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

The Registrant has a written Code of Ethics that permits, under certain circumstances, the Registrant to purchase and sell for his own account securities he recommends for purchase or sale to his clients. The Registrant's underlying philosophy has always been to avoid conflicts of interest whenever possible and, where such conflicts do occur, to resolve them in favor of the client. Because the Registrant only recommends the purchase and sale of securities to clients and

does not effect any securities transactions for his clients, the Registrant generally is not restricted with respect to personal securities transactions. Although the Registrant may invest his own assets in the same mutual funds and other securities that are used by his clients, the Registrant does not anticipate any material conflict between his interests and those of his clients because of the relatively small amount of assets invested by him in any one mutual fund compared to the overall size and open-ended marketability of mutual fund shares. There exists the potential for a conflict of interest if the Registrant owns a security or mutual fund that he recommends for purchase or sale to his clients, which might affect the price of that security or fund. However, if the Registrant determines that such a conflict does or might exist with respect to any mutual fund or other security, he will notify the client at the earliest practicable date of the conflict, or potential conflict, and at the same time will also make a recommendation as to the client's purchase, sale or continued holding of such security or fund. The Registrant will always act in a fiduciary manner and in the client's best interest.

The Registrant's Code of Ethics imposes various trading and record-keeping requirements to address potential conflicts between the Registrant's interests and those of his clients. A copy of Registrant's Code of Ethics will be provided to any client or prospective client upon request.

The Registrant does not recommend to any clients securities in which he has a material financial interest.

## **IX. Brokerage Practices**

The Registrant only provides services to clients on a non-discretionary basis. Consequently, the Registrant does not effect any portfolio transactions for his clients. The Registrant's clients are responsible for effecting portfolio transactions relating to their respective accounts. Upon request from a client, the Registrant may suggest brokers to effect transactions at substantial discounts to prevailing commission rates and/or to effect transactions where the broker's knowledge of a particular security and his ability to execute the transaction at a favorable price are, in the Registrant's opinion, compatible with the client's best interests.

## **X. Review of Accounts**

The Registrant monitors client investment goals, objectives and risk tolerance on an ongoing and periodic basis for consistency with investment recommendations. Accounts are reviewed at least quarterly or as required by the client. Factors that might trigger an additional review include material market, economic or political events. Registrant meets with clients and/or furnishes them with written reviews at least annually and/or is in communication by telephone with clients as necessary during the year.

## **XI. Client Referrals and Other Compensation**

The Registrant does not receive any compensation or other economic benefit from persons other than his clients for the provision of services to his clients. The Registrant does not directly or indirectly provide any compensation to any persons for client referrals.

**XII. Custody**

The Registrant does not have custody of client funds or securities.

**XIII. Investment Discretion**

The Registrant does not accept discretionary authority to manage securities accounts on behalf of his clients.

**XIV. Voting Client Securities**

The Registrant does not accept authority to vote client securities.

**XV. Financial Information**

The Registrant does not require or solicit payment of more than \$500 in fees per client, six months or more in advance, nor does he have discretionary authority or custody of client funds or securities.

The Registrant has not been the subject of a bankruptcy petition at any time during the past ten years.

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Brochure Supplement  
May 1, 2012

## **I. Educational Background and Business Experience**

Roger L. Clifton was born on January 12, 1936. He received his B.A. from Harvard University and his M.B.A. from Harvard Business School. Mr. Clifton has been a sole-proprietorship investment adviser, doing business under the name Roger L. Clifton, since December 1982.

## **II. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Roger L. Clifton's integrity.

## **III. Other Business Activities**

Roger L. Clifton is not actively engaged in any investment-related or other business or occupation other than providing financial and investment counseling to individuals and high net worth individuals.

## **IV. Additional Compensation**

Roger L. Clifton does not receive any compensation or other economic benefit from persons other than his clients for the provision of services to his clients.

## **V. Supervision**

As a sole-proprietorship investment adviser, no individual is responsible for supervising Roger L. Clifton's advisory activities.