

# **Clear Brook Advisors, Inc.**

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*This brochure provides information about the qualifications and business practices of Clear Brook Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at the phone number listed above.*

*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. Please note, where this brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.*

*Additional information about the firm and its representatives is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## **Item 2: Material Changes**

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure.

As of December 31, 2014, the Firm's assets under management (AUM) were \$1,294,300,000 (see Item 4). The last annual update of this Brochure was dated March 2014.

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#### **Item 4: Advisory Business**

Established in 2000 by firm President and owner H. Whitney Wagner, Clear Brook Advisors, Inc. ("Clear Brook") offers two distinct investment advisory services.

##### **Investment Management Services**

Clear Brook's discretionary investment management services are geared towards individual clients. Client portfolios are customized and an appropriate asset allocation is determined according to each client's investment goals and objectives. Assets are predominately invested in publicly traded equity and fixed income securities in the United States, Canada and the European Union. Allocations may also be made in mutual funds, exchange traded funds, and emerging market equities. The firm will honor any reasonable restrictions on investing in certain securities or types of securities imposed by the client in writing.

##### **Investment Supervisory Services**

Clear Brook provides investment advisory services to individuals, family offices, trusts, trust companies, other investment advisers and offshore corporations. Clear Brook provides advice related to the following investments:

- private investment partnerships engaged in private equity (venture capital, growth equity, leveraged buyouts and distressed for control strategies),
- investments in energy, timber and other alternatives such as drug royalty partnerships,
- private investment managers operating traditional long strategies as well as those pursuing long/short strategies (collectively referred to as "hedge funds"), and
- specific securities for purchase or sale.

Clear Brook performs thorough due diligence on fund managers and their underlying investments to identify those opportunities which merit further consideration. Clear Brook provides a written investment recommendation on each investment being considered, as well as an appropriate asset allocation across the investments. Clients retain the final decision and authority with respect to the investment commitment.

As of this filing, Clear Brook has approximately \$1,294,300,000 in total assets under investment supervision. Of this amount, \$28,800,000 is managed on a discretionary basis. All services are provided according to a written agreement. The agreement further defines the terms and conditions of service including any limits placed on the firm's discretionary authority, the transferability of the contract, fees and other negotiable factors.

#### **Item 5: Fees and Compensation**

##### **Investment Management Services**

Individually managed accounts are charged a percentage-based fee which varies between 0.50% and 1.00% of the client's assets under management. Fees are calculated and billed to clients quarterly in arrears. Clients who wish to pay the fee from assets under the firm's management may instruct the custodian to disburse the fee from the client's account. The firm's advisory fee remains separate and distinct from those fees charged by the custodian for execution and other services provided. All custodial and execution fees charged by the qualified custodian and/or executing broker-dealer are charged to the client's account.

##### **Investment Supervisory Services**

Clear Brook negotiates a fixed annual fee with each client in advance of the engagement. Such annual fees range from \$50,000 to \$250,000 and are paid on a quarterly basis in arrears.

For the initial quarter of investment management services, the first quarter's fees shall be calculated on a *pro rata* basis. Clients may request to terminate their advisory contract with the firm, in whole or in part, by providing advance written notice. Upon termination, any fees for services rendered but not yet paid will be charged to the client. The client's advisory agreement with the firm is non-transferable without the client's written approval.

#### **Item 6: Performance-Based fees and Side-by-Side Management**

As Clear Brook's advisory services do not incorporate performance fees or the offering of any additional investment services, side-by-side management does not apply to those services rendered by the firm.

#### **Item 7: Types of Clients**

Clear Brook clients consist of individuals, high net worth individuals, investment companies, corporations, other investment advisers, and trusts.

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

##### **Investment Management Services**

Clear Brook employs an asset allocation approach based on the individual client's investment profile. Clear Brook conducts fundamental research in selecting quality equity and fixed income securities. A combination of company reports, research from third parties, company filings, and company presentations are used in the decision making process.

Fundamental analysis is a general assessment based upon various factors including sale price, asset value, market structure, and history. The firm will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

##### **Investment Advisory Services**

Clear Brook conducts extensive due diligence and analysis on managers' investment records, strategies, investment team, operating structure, risk controls and other key aspects of the investment process to determine whether a fund is suitable for its clients.

To complete this due diligence, Clear Brook obtains original source documents from the manager. Such documents will include portfolio reports, annual audits, internal control and compliance reports, investor communications, and confirmation of matters from third parties as it relates to fund administration, prime brokerage and audits.

#### **Item 9: Disciplinary Information**

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires investment advisers to provide clients with disclosures as to any legal or disciplinary activities deemed material to the client's evaluation of the adviser. Please note, neither the firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

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

H. Whitney Wagner serves as a trustee to the Brown Brothers Harriman Mutual Funds. In consideration for his services, Mr. Wagner receives an annual trustee fee. Although Clear Brook's investment management clients may invest in Brown Brothers Harriman mutual funds, Mr. Wagner is not subject to the receipt of any additional compensation from such investments. Mr. Wagner's receipt of compensation for his service on the Board of Brown Brothers Harriman Mutual Funds and the firm's recommendation to clients of these funds creates a conflict of interest in that Mr. Wagner has an interest in the success of the funds, including the level of assets managed by the fund and the fund adviser's profitability. Mr. Wagner discloses his service on the Board of this fund company to all clients to whom the firm makes recommendations of investment in the Brown Brothers Harriman mutual funds and to the firm's discretionary clients for whom the firm places transactions in these funds on a client's behalf.

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

As required under Rule 204A-1 of the Investment Advisers Act of 1940, Clear Brook has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. The Code of Ethics describes the firm's fiduciary duties and obligations to clients, and sets forth the firm's practice of supervising the personal securities transactions of employees who maintain access to client information. A copy of the firm's Code of Ethics is available for review by request.

Clear Brook collects and maintains records of securities holdings and transactions made by its employees. The firm reviews the personal trading practices of its employees to identify and resolve any potential or realized conflicts of interest.

Clear Brook and/or its representatives may purchase or sell investments for their personal accounts that they have similarly recommended to clients. Where the firm is obligated to act within the client's best interest, the firm requires each employee to review the Code of Ethics particularly where personal trading practices and those conducted on behalf of clients or their accounts may present a conflict of interest.

## **Item 12: Brokerage Practices**

Clear Brook makes specific recommendations regarding certain brokers for investment management accounts. Such recommendations are made with respect to the broker's services, pricing features, market knowledge, and overall capability. Clear Brook is not compensated in any way by making such recommendations.

For discretionary accounts, Clear Brook selects the broker-dealers used to execute client securities transactions based on the following criteria:

- 1) The broker's capital depth.
- 2) The broker's market access.
- 3) The broker's transaction confirmation and account statement practices.
- 4) Our knowledge of negotiated commission rates and spreads currently made available.
- 5) The nature and character of the markets for the security to be purchased or sold.
- 6) The desired timing of the transaction.
- 7) The execution.
- 8) Clearance and settlement capabilities of the broker selected and others considered.
- 9) The firm's knowledge of any actual or apparent operational problems of a broker.
- 10) The reasonableness of the commission or its equivalent for the specific transaction.

Based on the above criteria, Clear Brook does not necessarily pay the lowest commission or commission equivalent, as specific transactions can involve specialized services on the part of the broker. This would justify higher commissions (or their equivalent) than other transactions requiring routine services. If Clear Brook is directed by the client to direct trades to a specific broker-dealer other than the custodian typically used by the firm for trade execution, then clients should note that Clear Brook's ability to negotiate commissions (where applicable), obtain volume discounts, or otherwise obtain best execution may not be as favorable as might otherwise be obtained.

Clear Brook also maintains a fiduciary obligation to seek the best execution pricing available for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, the apparent conditions in the market, and the specific needs of the client.

The firm's primary objective when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as:

- 1) Price,
- 2) Size of order,
- 3) Difficulty of execution,
- 4) Confidentiality and
- 5) Skill required of the broker.

All assets are maintained by a qualified third party custodian. When possible, Clear Brook will aggregate trade orders to attain better execution prices. All clients will be treated fairly and receive the pro-rated number of shares at the average price of the day. Clear Brook does not receive research or any other services from client brokerage credits (soft dollars).

### **Item 13: Review of Accounts**

#### **Investment Management Services**

All discretionary investment management accounts are reviewed monthly. The review ensures that accounts are being managed consistent with the terms of the agreement. Reviews are conducted by firm president, H. Whitney Wagner. Clients are encouraged to discuss any changes in their investment needs, goals and objectives with Mr. Wagner directly. Any changes in a client's financial situation or investment objectives may result in changes in the asset allocation strategy.

#### **Investment Supervisory Services**

While Mr. Wagner converses with clients monthly, he formally meets with each client at least quarterly to review the asset allocation strategy, the performance of the asset classes and, if appropriate, the performance of individual assets or managers. This may lead to discussions about a modification to the strategy or proposed changes in assets or managers within specific asset classes.

Each client maintains its own banking, brokerage and investment account relationships and consequently receives monthly or quarterly reports from their custodian, the investment administrator, or the issuer. Clear Brook may, in some instances, receive duplicate copies of these reports directly from the custodian, the investment administrator, the issuer, or from clients themselves.

**Item 14: Client Referrals and Other Compensation**

Clear Brook does not compensate others for client referrals. Further, the firm does not receive any economic benefit from a non-client for the provision of advisory services to the firm's clients.

**Item 15: Custody**

Clear Brook does not maintain or accept custody of client funds or securities.

**Item 16: Investment Discretion**

Clear Brook maintains the discretionary authority to make investment decisions over the individually managed client accounts, including the authority to determine the securities, and amount of securities, to be bought or sold for a client's account, as well as the broker or dealer to be used and commission rates to be paid for client securities transactions.

Conversely, the firm employs a non-discretionary method with respect to its investment supervisory service offerings. Client imposed limits placed on the firm's discretionary authority are reflected within the written agreement. All accounts are managed according to the terms and conditions therein.

**Item 17: Voting Client Securities**

Clear Brook does not maintain any voting or proxy rights with respect to corporate actions related to such assets. Clients may contact Clear Brook with questions about a particular solicitation; however, all clients retain the opportunity to vote their own proxies, which they receive directly from the custodian or broker-dealer.

**Item 18: Financial Information**

Under Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain financial information about their business practices that might serve as material to the client's decision in choosing an investment adviser. As of this filing, Clear Brook does not require the pre-payment of more than \$1,200 in fees six months or more in advance or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.

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**H. Whitney Wagner, President, CEO, CCO**

**Alexander Munnell**

**Charles Svirk**

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**(212) 810-4770**

**March 2015**

*This brochure supplement provides information about the qualifications and business practices of these representatives as investment adviser representatives of Clear Brook Advisors, Inc. This information is provided as a supplement to the Form ADV Part 2A which has been provided for your review. Should you have any questions about this supplement, or if you have not received the Form ADV Part 2A please contact the firm immediately.*

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<b>Item 2: Educational Background and Business Experience</b>
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**Individual Full Name, Title:** H. Whitney Wagner, President, CEO, CCO (born 1956)

**Education:**

University of Vermont, BA Political Science, 1978

**Licenses:** Series 65

**Business Background**

2000-present, Clear Brook Advisors, Inc. President & CEO

2000-2001, Quilvest, S.A., Advisor

1983 -1999, Three Cities Research, Inc., Managing Director

1978-1983, Chemical Bank, Corporate Lending Officer

\*

**Individual Full Name, Title:** Rudi Dubois, Vice President

**Education:**

Middlebury College, BA, International Politics & Economics, 1997

**Licenses:** Series 65

**Business Background**

Clear Brook Advisors, Inc., 2009 to present, Vice President

Banco Santander, 2008-2009, Alternative Investments Division

New Providence Asset Management, 2003-2008, Vice President

The Chart Group, 1997-2003

\*

**Individual Full Name, Title:** Alexander A. Munnell (born 1983)

**Education:**

Vanderbilt University, BS, Engineering Science, 2006

Harvard University, currently enrolled in Masters of Finance Program

**Business Background**

Clear Brook Advisors, Inc., 2013 to present

Downer & Company, international boutique investment bank

Ryse, Inc., risk management consulting business

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**Individual Full Name, Title:** Charles F. Svirk III, Analyst (born 1990)

**Education:**

Northeastern University, BA, Finance and Entrepreneurship, 2013

**Business Background**

Clear Brook Advisors, Inc., 2015 to present, Analyst

Photos to Photos, Inc., 2014, Co-Founder, CFO

Siemens Venture Capital, 2014, Associate

<b>Item 3: Disciplinary Information</b>
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There are no events or disciplinary actions relative to any employee of Clear Brook Advisors.

#### **Items 4 & 5: Other Business Activity & Additional Compensation**

H. Whitney Wagner serves as one of the Trustees for Brown Brothers Harriman Mutual Fund Group. Mr. Wagner's receipt of compensation for his service on the Board of Brown Brothers Harriman Mutual Funds and the firm's recommendation to clients of these funds creates a conflict of interest in that Mr. Wagner has an interest in the success of the funds, including the level of assets managed by the fund and the fund adviser's profitability. Mr. Wagner discloses his service on the Board of this fund company to all clients to whom the firm makes recommendations of investment in the Brown Brothers Harriman mutual funds and to the firm's discretionary clients for whom the firm places transactions in these funds on a client's behalf. Although Mr. Wagner is compensated for these activities, his service as a trustee accounts for less than 10% of his time and income.

#### **Item 6: Supervision**

H. Whitney Wagner remains responsible for the supervision of each employee of the firm. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Wagner at the phone number listed on the cover of this brochure supplement.