

**Part 2A of Form ADV: Firm Brochure**

**Item 1: Cover Page**

**Clayvard Ltd.  
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**[www.clayvard.com](http://www.clayvard.com)**

**January 1, 2013**

This brochure provides information about the qualifications and business practices of Clayvard Ltd. If you have any questions about the contents of this brochure, please contact us at 44-207-283-2481 (phone) or [deneault@clayvard.com](mailto:deneault@clayvard.com) (e-mail). 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 Clayvard Ltd. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We oftentimes refer to ourselves as a "registered investment adviser." This reference does not imply a certain level of skill or training.

## **Item 2: Material Changes**

None

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

Clayvard Ltd. (“Clayvard”) was founded by Lawrence Deneault, Jr. and Magdalena Karkosinska-Deneault, in October 1992 and became registered as an SEC investment adviser in February 2005. Mr. Deneault is the Managing Director, Shareholder and Chief Compliance Officer and Ms. Karkosinska-Deneault is a Director and Shareholder. Ms. Karkosinska-Deneault has no direct client contact.

We provide investment advisory services to Financial Institutions, Family Offices, and Ultra High Net Worth Individuals on investments in equity securities that are exchange-listed securities, securities traded over the counter and of foreign issuers; warrants; corporate debt securities (other than commercial paper); and option contracts on securities.

We are currently the exclusive sales agent for a trading platform developed by our subsidiary firm, Qarma Technology Ltd., and will serve as partners for clients who require regulatory oversight.

Our advice is limited at present to design of portfolios, usually of a size of USD \$25 million or larger, using proprietary methods developed by Qarma Technology Ltd.

The Qarma platform allows us to create fully tailored solutions, personalized to the needs of the institution, covering a broad range of risk parameters, and geography globally.

Qarma’s principal but not sole method is to rotate equity sectors and indexes based upon predefined criteria, and settings of the Qarma Algorithms.

As of December 31, 2012, we managed \$0 in proprietary assets on a discretionary basis.

#### **Item 5: Fees & Compensation**

Our fees are based on 1-2% of assets under management, with a minimum fee of \$20,000 per client per month, and periodically we will ask for a performance based fee, based on the services rendered to the client. The minimum fee could be more than 1-2% of assets under management based on the \$20,000 per month minimum. The fee is payable monthly, or quarterly in arrears. The Investment Advisory Agreement between us and the Client may be terminated by either party with at least 90-180 days prior written notice. Fees are either billed directly to the client, or, deducted from the client account, depending on the nature of the account relationship.

Under most circumstances, we charge a minimum monthly fee per client. This is currently set at \$20,000 USD per client per month. Fees are negotiable.

If the client has asked us to take charge of his actual portfolio rotation, and given us permission to trade the account, in addition to our fees, there will also be additional fees

such as custodial fees, brokerage fees for trade executions, and transaction costs, mutual fund fees, ETF fees and expenses.

#### **Item 6: Performance-Based Fees and Side-By-Side Management**

We are periodically asked to charge performance based fees, usually in conjunction with a joint venture with another institution, wishing to utilize the Qarma platform for their clients. In this instance, we will normally take a portion of the performance and management fee charged to the client, by our joint venture partner.

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

We currently perform investment advisory services to Financial Institutions, Family Offices, and Ultra High Net Worth Individuals . We do not impose a minimum dollar value of assets from a client, however we do charge a minimum monthly fee of \$20,000, USD per month per client.

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

Our methodology is based on the Qarma Technology Ltd. platform (Qarma: “Quantitative, Adaptive, Reverse, Momentum Algorithms”), a proprietary set of software algorithms created and used by us. Qarma monitors accelerations in “wave motions” of sector market pricing over a range of wave oscillation rates (frequencies) and combines the signals to give a strong indicator of imminent price bottoming or peaking before it occurs. It also dynamically adjusts its monitoring to respond to the price change conditions as they occur so it is able to adapt to a changing pricing environment. Qarma attempts to eliminate spurious market signals without washing them out, so the system remains sensitive to real market movements but not to the frequent trading fluctuations that occur.

As with all investments, there remains a risk associated with any strategy, ours included. However, other than catastrophic risk such as the 9/11 attacks in New York, we believe that the Qarma algorithms tend to be in line or better than most other strategies available today.

The Qarma strategies do not trade actively, generally, a portfolio might make 20-30 trades (+/-) per year.

The Qarma Strategy mainly utilizes ETFs globally listed. As such, there is always the underlying risk that there will be a surprise change to the structure or make up of the ETF, and, there always remains a risk that the design of the ETF contains a material defect which, causes the asset to perform in an erratic way. Although we take every precaution to stay away from such assets, we cannot represent that there will be no risk in such things. Further, there is always the risk that an ETF which we have included in a client’s portfolio, will announce that it will be delisted. This is usually due to low interest in the asset, and, generally, we do not include such assets, but we cannot guarantee that

the ETFs which we include in a client portfolio will not be delisted or altered in a fundamental way.

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

There have been no disciplinary actions against Clayvard, Mr. Deneault, Ms. Karkosinska-Deneault or my employees within the last ten years by any domestic, foreign or military court; the SEC, any other federal regulatory agency; any state regulatory agency or any foreign financial regulatory authority; or any self-regulatory organization (SRO).

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

We have an affiliated investment adviser, Clayvard Fund Management USA, Inc. (“CFM”). CFM provided investment advisory services in the U.S. as a co-manager of a hedge fund (“Fund”) which fund is now dormant.

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

We have adopted the following Code of Ethics and Professional Standards (the “Code”) to help avoid prohibited acts and to eliminate potential conflicts of interest. The Code is designed to govern personal securities trading and detect/prevent insider trading. The Code, among other things, sets forth our policy that clients’ interests are always placed ahead of any personal interest. This policy requires buying and selling after or with transactions completed for clients and includes procedures requiring all our employees to report their personal securities transactions to the Chief Compliance Officer on a periodic basis. The Code also forbids any member or employee from trading, either personally or on behalf of others, on material non-public information or communicating material non-public information to others in violation of the law (i.e., insider trading). We believe that the Code, designed to detect and prevent insider trading and to govern personal securities trading, is appropriate to prevent or eliminate potential conflicts of interest situations between us, our employees and our clients. However, clients should be aware that no set of rules can possibly anticipate or relieve all potential conflicts.

As a professional organization serving the public in the area of asset management, we are guided in our actions by the highest ethical and professional standards. Our Code will be provided to clients upon written request.

At present, members of our firm are specifically blocked from trading or owning an ETF or other security which we may include in a client portfolio.

### **Item 12: Brokerage Practices**

Depending on the relationship with the client, we may, determine which securities are bought or sold, the total amount of the securities to be bought or sold, the broker or dealer through which the securities are to be bought or sold, and the commission rates at which transactions are affected. However, in making the decision as to which securities are to

be bought or sold and the amount thereof, we are guided by the general guidelines which are set up for investments by the client. These general guidelines cover such things as relative asset allocation, the degree of risk and the types and amounts of securities to constitute the portfolio of the client. We endeavor to manage the client's portfolio in accordance with these guidelines.

Upon selection of broker-dealers to effect transactions for the client, the policy is to seek the best execution at the best security price available with respect to each transaction, in light of the overall quality of brokerage and research services provided to the client.

In selecting a broker to execute securities transactions, a variety of factors will be considered, including best price and/or quality of execution for sizable trades and the quality of the research and services provided by the broker. In any case, we will review with the client, the brokers we will use to execute trades, to make sure that they are acceptable to the client. We do not accept any sort of soft dollar arrangements from any firm with whom we do business.

For those clients who have informed us that they work with a particular broker-dealer, we will simply tell the client which securities are to be bought or sold, the total amount of the securities to be bought or sold etc., and the client will execute the transactions with their broker.

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

The sole Portfolio Manager and sole reviewer, Lawrence Deneault, will continually review the transactions effected, and current assets and expenses as compared to the investment objectives.

Clients will receive unaudited, written quarterly reports and an annual report. In addition, investors within a fund being managed by us will receive a report within 45 days of the end of the calendar year for their individual income tax reporting obligations with respect to their investment in the fund.

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

As a general policy, we do not refer clients nor do we receive any other compensation in connection with referrals. That said, periodically, a client will ask us if we know of someone who is providing investment services which we do not provide. We will in good faith, tell clients what we know, but we do not recommend these outside vendors, nor do we receive compensation for the referrals.

#### **Item 15: Custody**

We currently do not have custody of any client funds.

### **Item 16: Investment Discretion**

Our investment discretion with a client portfolio is limited to executing against the signals generated by the specific Qarma portfolio set up as designed and or agreed by the client. The exception to this rule would be in the event that we are actually responsible for the well being of the portfolio, and some sort of exogenous event occurs, such as a 9/11 event that will affect the portfolio, but which the Algorithms have not been picked up, and, as such, we must make quick discretionary decisions to mitigate potential loss due to the event.

Where we do not have discretionary authority. Clients who have informed us that they work with a particular broker-dealer are responsible for their own decisions and safety of the portfolio.

### **Item 17: Voting Client Securities**

We do not vote proxies.

### **Item 18: Financial Information**

There are no financial issues that are likely to impair our ability to meet our contractual commitments.



**Part 2B of Form ADV: Brochure Supplement**

**Brochure Supplement – Lawrence Deneault**

**Item 1. Cover Page**

**Lawrence Deneault, Jr.  
Clayvard Ltd.  
59-60 Cornhill, 1<sup>st</sup> Floor  
London EC3V 3PD  
United Kingdom**

**January 1, 2013**

This supplement provides information about Lawrence Deneault, Jr. that supplements the Clayvard Ltd. brochure. You should have received a copy of that brochure. Please contact Mr. Deneault at 44-207-283-2481 if you did not receive our brochure or if you have any questions about the contents of this supplement.

## **Item 2. Educational Background and Business Experience**

Name: Lawrence Deneault, Jr.

Year of Birth: 1957

Formal Education after High School:

Completed some college courses.

Business Background for Preceding Five Years:

I have been involved in the finance industry since 1983 when I formed Vertec International, Inc., a firm dedicated to the finance of small private enterprises and smaller municipal subdivisions. During my career, I have secured financing for over 2,000 firms in virtually every market sector, including cable television, cellular telephone networks, and land line communications. In 1992, I formed Clayvard Ltd., a firm whose principle focus was originally Eastern European finance and trade. In 1994, Clayvard developed a series of hedge trading strategies, with a focus more on fast growth technology firms. Since that time, Clayvard has invested in over 1,000 public listings, with a core interest in most aspects of developing technology.

In 1999, I co-founded an institutional brokerage firm by the name of Lexit Financial Group (Lexit), located in Hoboken, NJ and London. Lexit was an electronic direct market access brokerage, which brought electronic trade execution services to over 100 European and American financial institutions, fund managers, brokerages and banks. Many of which are counted as "Top Tier", in their respective fields. In October of 2003, Lexit was sold to a publicly held firm in Sweden.

Since the sale of Lexit, I have been working on the development of the Qarma Technology Platform.

## **Item 3. Disciplinary Information**

None.

## **Item 4. Other Business Activities**

In 2010, I formed a company called Eastern Continental Mining and Development Ltd. to explore and develop direct investment opportunities in the Asian raw materials sector. The company is registered in the United Kingdom, company number: 7256223. Mr. Deneault spends approximately 10 hours per week on this business and Mr. Deneault is paid \$3,000 per month.

## **Item 5. Additional Compensation**

None.

## **Item 6. Supervision**

Not Applicable.