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CLARITY FINANCIAL, LLC



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This brochure was prepared on January 17, 2014.

Clarity Financial, LLC (Clarity Financial, LLC, Clarity, our and or we) is registered with the Securities and Exchange Commission (SEC) as an investment advisor. Registration of an investment advisor does not signify or imply any level of skill or training.

This brochure provides information about the qualifications and business practices of Clarity Financial, LLC. If you have any questions about the contents of this brochure, please contact us at 281-501-1791 or conniemack@myclarityfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Clarity Financial, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

Please note that all of the “material changes” made to this Brochure, and since our last delivery or posting of the Brochure on the SEC’s public disclosure website (IAPD) www.advisorinfo.sec.gov, are set forth below:

- Clarity has registered with the SEC as an investment adviser;
- Item 4: Other offices of convenience have been added.
- Item 10 – Other Financial Industry Activities and Affiliations was modified to reflect the affiliation through common ownership of Clarity with Alora Consulting, LLC, who offers general lines of Life, Health, Accident, Property, and Casualty Insurance.
- Item 5 – Fee Schedule has been updated.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Connie Mack, Managing Member and CCO, at 281-501-1791 or conniemack@myclarityfinancial.com.

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ITEM 4 - DESCRIPTION OF OUR ADVISORY BUSINESS

Clarity Financial, LLC primarily provides fee-based investment advisory services. Our main business is “managing investment advisory accounts”. Specifically, this service describes:

- A) Determining what your current financial situation is and what you want to accomplish with your investments over time;
- B) Developing a plan that is tailored to your situation: and
- C) Buying and selling investments on your behalf to accomplish the life goals you have.

Clarity has operated as a investment adviser since 2009. Currently Clarity employs one Registered Advisor and operates in one office located in Houston, Texas. As of December 31, 2013 Clarity had \$175,000,000.00 in client assets under management.

Clarity is owned by Connie Mack.

Offices of Convenience:

2375 E. Camelback Road, Suite 600
Phoenix, AZ 85016

12002 South 45th Street
Phoenix, AZ 85044

ITEM 5 - FEES AND COMPENSATION

Clarity is compensated by advisory fees that are based on a percentage of assets under advisory management. The maximum percentages charged, based on assets under management are:

\$0-\$500,000	1.50%
\$500,001-\$1,000,000	1.00%
\$1,000,001-\$2,000,000	0.75%
\$2,000,001-\$3,000,000	0.65%
\$3,000,001 and over fees are negotiable	

Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by 365 days then multiplying product by days contained within current quarter. Accounts opened in mid-quarter will be assessed a pro-rated management fee. Normally, fees are payable quarterly in advance, but the customer may negotiate the payment of fees in arrears. Fees may be deducted from client's account(s) within ten (10) days following the end of the month or quarter for which said fees will be incurred. All advisory fees are negotiable.

Any client charged a quarterly fee in advance will be given a pro-rata refund of fees, if services are terminated prior to the end of the quarter billed.

Fees are calculated on an incremental basis and are subject to change with 30 days written notice. Notwithstanding the above, based upon pre-existing relationships, assets under management and other factor relevant to an engagement, the actual fees charged may be less than those set out above.

Either party may terminate at any time by giving thirty (30) days prior written notice of such termination to the other party. If the Account is to be liquidated as the result of a termination notice, the parties understand that the process of liquidation may take up to five (5) trading days following the date Clarity received the liquidation request.

Transaction Costs: Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Clarity does not charge performance based fees and does not engage in side by side management.

ITEM 7 - TYPES OF CLIENTS

Clarity provides advisory services to individuals, high net worth individuals, small businesses, such as sole proprietorships, partnerships, small corporations, banking or thrift institutions, pension and profit sharing plans, charitable organizations and Insurance companies.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Clarity will rely on standard industry methods of analysis. This includes fundamental analysis, which seeks to buy investments that have a correlated reward to risk potential. It also includes technical analysis, which looks for pricing patterns that indicate potentially advantageous times to buy or sell securities. Our analysis may also

encompass value investing, which seeks to buy securities that are priced lower than the financial data underlying the securities indicate is their actual worth.

Clarity will use business oriented media sources and other publicly available sources of information to gather information on securities.

Investment strategies will be based on client needs. Clarity can formulate strategies for clients desiring growth of the investments, current income, tax advantages, or preservation of their assets.

All investments involve risk of loss. Clarity will always attempt to manage the risk of loss and avoid permanent declines or reduction in value of the clients' original investment, but there is no guarantee that any investment strategy used will not result in loss of some or all of the investment. Investing in securities involves risk of loss that clients should be prepared to bear.

ITEM 9 - DISCIPLINARY INFORMATION

Clarity does not have any disciplinary items to disclose to our customers.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Clarity is affiliated by common ownership with a firm that offers insurance products to Clarity customers and other persons. The affiliated company is Alora Consulting, LLC and offers general lines of Life, Health, Accident, Property, and Casualty Insurance.

Connie Mack is an insurance agent with Alora Consulting, LLC. To the extent insurance products are purchased thorough Connie Mack by advisory clients, Connie Mack will be paid a commission. This creates a conflict of interest as there is an incentive for Mr, Mack to recommend insurance products based on the compensation received, rather than on the client's needs. Notwithstanding such conflict of interest, Clarity manages this conflict of interest by monitoring the suitability of such insurance products as a portion of the client's investment needs, by utilizing insurance products only where it is in the client's best interest, and after consultation with the client regarding the insurance products, which consultation includes the disclosure of such potential conflicts in accordance with our fiduciary duty as the client's adviser.

ITEM 11 - CODE OF ETHICS, PARTICIPATION IN CLIENTS TRANSACTIONS AND PERSONAL TRADING

Clarity has prepared a firm wide Code of Ethics for our investment professionals; the Code emphasizes the obligations of our firm and its employees to act in the best interests of our clients in providing investment advice. The Code of Ethics also

specifies conduct prohibited by Clarity. Violations of the Code are cause for disciplinary action. The Code also requires vigorous enforcement of the Code. A full and complete copy of the Code of Ethics will be provided to our clients and to prospective clients on their request.

Clarity will not normally participate in client transactions. The investments that we recommend will normally be:

- mutual funds or ETF's operated by unrelated fund managers;
- widely traded equities or bonds;
- money market funds; or
- other broadly traded investments in which Clarity or its affiliates have no financial interest.

Recommending that a client invest in an entity that a Clarity employee has a material (more than 1%) interest will be absolutely prohibited.

There may be rare circumstances in which a cross agency trade happens (this is where one customer buys or sells a security that another customer owns or is acquiring); any cross agency trades will be executed by the clearing firm or other custodial entity and take place at prevailing market prices. Clarity will be limited in any potential cross agency trading involving customer securities.

Clarity employee trading will be monitored and recorded. Our Code of Ethics prohibits trading ahead of a customer order or using any other scheme to obtain a better price on securities than the price a customer would pay when we have a customer ratification of an order in hand.

ITEM 12 - BROKERAGE PRACTICES

Clarity has custodial and trade execution arrangements in place with unaffiliated firms; including TD Ameritrade and Fidelity. Clarity does not receive any special compensation or other economic benefit from advisory clients using any of the custodial firms with whom we have arrangements.

Clarity may suggest which custodian the client should use at the beginning of the advisory relationship, but the decision for which broker to execute trades and act as custodian of assets rests with the client.

Aggregation of orders. The client assets under direct management of Clarity are managed in accordance with a specific strategy and customized for each individual client. It may be advantageous if Clarity aggregates orders for purchases or sales of securities. If that is done, all clients would receive the same price, typically an average price, on the securities purchased in an aggregate order.

ITEM 13 - REVIEW OF ACCOUNTS

It is Clarity policy to formally review each customer account at least once a year and in most cases, the review will be done each quarter. Clarity will review for investment performance, conformance with the clients' portfolio model, and accuracy of charges assessed to the client. Clients will generally receive monthly reports from the custodian detailing their individual assets and all activity in the client's account, unless the client requests a more frequent basis. Some less active accounts may only receive quarterly reports from the custodian.

Any items needing follow-up will be documented and brought to the attention of the customer, if necessary. Clarity customers may request an account review at any time.

Reviews will be done by Connie Mack, Managing Member and CCO.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

At this time, we have no plans to pay other advisory firms or 3rd parties for client referrals. We do have an arrangement with one other registered investment adviser for any referrals made to a pooled investment vehicle that is managed by that adviser. Clarity has not referred any persons to the other advisor during the life of the agreement.

In the future, Clarity may receive some soft dollar compensation from our custodial brokers, but we do not receive such compensation at this time. "Soft Dollars" are services or price breaks that Clarity would get from brokers for keeping our accounts with them or trading through their firm. The soft dollars can take the form of reduced ticket charges, which may be advantageous to our customers (depending on how we price their trading charges) or being given research, software, or equipment that we would normally pay for; these goods and services may not provide any direct or indirect benefit to our customers.

If we do receive soft dollars, the impact to the customer may be subtle. The main problem with this arrangement is the potential for soft dollars to influence our choice in brokerage firms and the firm that we use not being the best value for order execution, service, or soundness when compared to other brokerage firms. We will disclose to our customers any services or goods given to us by any 3rd party; this includes soft dollar arrangements.

ITEM 15 - CUSTODY

Clarity does not custody any of our clients' assets. All client assets, in direct management situations, will be held at Fidelity, TD Ameritrade, or other providers with whom we have such arrangements, if the client accepts our recommendation to use brokers with whom we have an existing business arrangement.

If the client does not accept Clarity's recommendation for a broker, the client will be advised to select their own custodial broker with whom to place their account. The client will also be told that in this case, they will have the responsibility for executing any investment advice; in other words the client will need to place buy or sell orders with their own broker to receive the full benefit of our investment advice.

Any requests for fund withdrawals must be directed to the broker holding the client's funds.

Clarity does not bill clients more than \$1200.00 and 6 months in advance.

ITEM 16 - INVESTMENT DISCRETION

Clarity normally manages client accounts on a discretionary basis. Clients may request that the account be managed on a non-discretionary basis, but due to market conditions, this may impair Clarity's ability to make rapid changes in a customer's account should market conditions warrant quick changes of allocations and investments. All accounts, whether they are managed with discretion or without, are frequently reviewed for performance, compliance with the investment plan, and adherence to any special instructions given to us by the account owner.

ITEM 17 - VOTING CLIENT SECURITIES

Clarity does not vote proxies and or provide any advice or inducement to clients on any proxy vote. For clients with accounts that are directly managed by Clarity, client equity securities will be held at another custodial institution. Our clients will have a brokerage account at the other institution that will forward proxies to clients or vote proxies in accordance with rules covering voting of proxies for securities not held in street name.

ITEM 18 - FINANCIAL INFORMATION

We are required to provide you with certain financial information or disclosures about financial condition which would impede our ability to provide the advisory services described herein. Clarity has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

ITEM 19 - REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable to Clarity Financial, LLC.