



## **The Clarius Group, LLC**

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## **DISCLOSURE BROCHURE**

### **Form ADV Part 2A**

**May 1, 2015**

## **ITEM 1: COVER PAGE**

This disclosure brochure ("Brochure") provides information about the qualifications and business practices of The Clarius Group, LLC (hereinafter "Clarius" or "we"). If you have any questions about the contents of this Brochure, please contact us at 206-462-7400 or 999 Third Avenue, Suite 3050, Seattle, WA 98104. The information herein has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Clarius is an investment advisor registered with the SEC under the Investment Advisers Act of 1940, as amended. This registration does not imply any particular level of skill or training.



## **ITEM 2: MATERIAL CHANGES**

Clarius is required to advise clients and prospective clients of any material changes to our Brochure from our last annual update. We are a new advisor and this is our first Brochure. In the future, we will use this section to identify material changes that may take place between annual updates.

Clients will receive an annual summary of any material changes to this and subsequent Brochures no later than April 30, which is 120 days after our fiscal year-end. At that time we will offer a copy of our most current Disclosure Brochure. We will also promptly provide ongoing disclosure information about material changes as necessary.



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## ITEM 4: ADVISORY BUSINESS

- A. General Description of the Advisory Firm: Keith Vernon founded Clarius in October of 2014 and is a 50% owner. Matt Talbot joined the firm as a 50% owner in April 2015. The firm's registration as an investment advisor was effective in January of 2015, and we began providing advisory services to clients in April of 2015.
- B. Description of Advisory Services: Clarius provides integrated wealth management services to high net worth individuals and their family entities, and to a small number of charitable trusts and foundations. These services can include investment management, banking and credit coordination, bill paying and cash flow planning, estate coordination, financial planning, insurance coordination, charitable support, tax coordination, and special projects. We may refer clients to third-party managers, in addition to selecting investments ourselves. Where we use a third party manager, the client will enter into a separate agreement with said manager and receive the manager's disclosure brochure, both of which more fully describe that manager's services; Clarius will, however, retain discretionary authority to terminate the manager or allocate additional funds to that manager.
- C. Availability of Tailored Services for Individual Clients: Clarius tailors its services to match the needs of each individual client. Each client's planning needs are different, and we address those needs on an individual basis. We design client portfolios to reflect the different characteristics of the client, such as their ability to sustain market volatility, the client's need for liquidity, tolerance for concentrated positions, ability to invest in illiquid investments, and time horizon. Clients may impose restrictions on investing in certain securities or types of securities. We offer to meet with each client as often as necessary for the client to feel comfortable about the investment process; we ask to meet with clients at least annually.
- D. Wrap Fee Program: Clarius does not participate in wrap fee programs.
- E. Client Assets Under Management: As of April 30, 2015, Clarius managed \$251,805,982 on a discretionary basis and \$230,688,430 on a non-discretionary basis.

## ITEM 5: FEES AND COMPENSATION

- A. Advisory Fees: Clarius enters into a written advisory agreement with its clients. The advisory agreement contains the Advisory Fee arrangement which includes an Investment Fee and an annual Planning Fee. Investment fees are based on a percent of assets under management and Planning fees are based on the scope and complexity of non-investment services. Either party may cancel the advisory agreement without penalty upon thirty days' written notice.



Investment fees for liquid securities are calculated from the average daily balance of the portfolio during the prior quarter, based on values provided by the account custodian. Investment fees that apply to illiquid holdings, such as private limited partnerships, are calculated based on the average daily balance during the prior quarter. The valuation of these investments is based on the most recent value provided by the partnership plus a sum equal to the amount of contributions to the partnership less distributions. The valuations from private partnerships are typically delayed by approximately one quarter for logistical reasons. Additional information on our valuation practices is provided in the client advisory agreement.

At the inception of a relationship, we will charge investment fees calculated from the initial portfolio value and prorated through the remainder of the then-current quarter. Planning fees will be similarly prorated if a client joins us at other than a quarter-end.

Our annual investment management fee schedule is:

- 0.80% on the first \$3,000,000
- 0.60% on the next \$2,000,000
- 0.40% on the next \$5,000,000
- 0.30% on the next \$10,000,000
- 0.20% on the next \$20,000,000
- 0.15% on the next \$10,000,000

Wealth management and related planning fees range from \$2,000/year to in excess of \$100,000/year.

Clients may negotiate a flat, rather than graduated, rate on the value of the portfolio or a flat annual fee for a comprehensive engagement. We reserve the right to negotiate fees for accounts depending on the size and type of account, the investments in the account and the services required.

- B. Payment of Advisory Fees: Clarius charges clients quarterly in advance. Clients generally authorize us to deduct fees directly from the client's account as they become due. We have discretionary authority to sell (at the then-current price) a sufficient amount of account securities in order to pay these fees. Should the contract be cancelled during the billing period, Clarius will refund any unearned fees on a pro-rata basis. The custodian of the client's investment assets provides a written confirmation of the fees taken, but does not calculate or verify the accuracy of the fees.
- C. Other Fees and Expenses: Clients will incur other fees and expenses, including (among others) brokerage and asset management costs, associated with their investment portfolios. These charges may be more fully discussed in the custodian or asset manager documents detailing the specific client account or investment.
- D. Commissions: Neither Clarius nor any of its supervised persons receives compensation for the sale of securities or other investment products.



## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Clarius does not charge performance-based fees. This section does not apply to our business.

## **ITEM 7: TYPES OF CLIENTS**

Clarius has two general service models – Wealth Management and Family Office.

- Wealth Management clients generally are families with \$2 to \$20 million in net worth whose services typically include investment advisory services and wealth management (e.g., banking and credit coordination, bill paying, cash flow planning, estate coordination, financial planning, insurance coordination, charitable support, and tax coordination). We generally require that accounts hold at least \$2 million in investment assets in order to be accepted for management, but we retain the option of accepting smaller accounts at our discretion.
- Family Office clients generally are families with \$20 million or more in net worth who have similar general service needs as Wealth Management clients, but they also may require additional time and/or services based on the increased complexity of their financial issues. Additional services can include multi-generational planning, family governance, more extensive estate structuring, and more complex investment vehicles.

Although our clients are predominantly individuals, their families and family entities, we also advise a select number of charitable organizations. We do not directly advise pension or profit-sharing plans, though we do provide investment advice to individual clients with respect to the self-directed portion of their retirement plans.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

- A. Methods of Analysis and Investment Strategies: We seek to achieve client investment objectives by allocating cash among asset classes, choosing non-affiliated money managers, monitoring the money managers' performance, and employing certain risk management or other techniques designed to achieve a client's investment objectives. Our primary risk management tool is the diversification of the assets in client accounts. We invest client portfolios in several asset classes, including cash, fixed income, public and private equities, and public and private real assets. Our client portfolios are intended to



reflect the client's risk and return desires, time frame, liquidity constraints and other applicable limitations and goals.

We develop asset allocation strategies based on our clients' individual goals, objectives, and risk tolerance and our independent research and current understanding of economic conditions. We use analytic tools from sources such as Callan Associates, Morningstar, and RCP/Atlas, as well as commentary and analysis from various financial institutions.

We use non-affiliated managers to invest various portions of a portfolio in accordance with a client's asset allocation. Investments may be in the United States, developed countries or emerging markets, and the allocation among markets will change from time to time depending on underlying economic conditions and perceived risks and opportunities. Portfolios may include investments in companies of all sizes and in any sector, public and private, including investments in energy, natural resources, distressed securities, real estate, venture capital and private equity, as well as any other business sectors or types of investments. In some cases, managers may invest in futures contracts, derivative instruments, and other securities and financial instruments and may employ hedging or other non-traditional investing techniques, such as long and short equity investing, relative value and event driven arbitrage strategies, distressed securities investing, trading and short selling strategies, opportunistic investing in global equity and fixed income investing, and specialized equity investing.

Our recommendation or selection of private investments is limited to private funds or funds of fund-of-funds, and in all cases, the client will receive offering materials and execute subscription forms to effect the investment. We may give advice on other private offerings if requested by client.

We choose managers based on our assessment of their expertise in particular investment strategies. We seek to select managers that have the ability to achieve risk adjusted rates of return greater than those available through traditional public equity investing and put particular emphasis on managers who engage in extensive research and fundamental analysis.

In selecting managers, we consider a number of factors, including but not limited to the following:

- Strong consistent historical returns,
- Well-articulated and understandable investment strategies,
- Reasonable expenses,
- Tax efficiency,
- Transparency,
- Manageable downside risk and
- A strong cohesive team that is aligned with investor interests.

We generally compare the historical investment results of comparable money managers, evaluate written information supplied by the money managers and others, and conduct interviews with individuals who would actually manage money for clients.



As with all investment in securities, our investment strategy and method of operation involve risk of loss that clients must be prepared to bear.

B. Material Risks Related to Investment Strategies:

**Loss of Capital**

All securities investments involve the risk of the loss of capital. The market value of a security may increase or decrease over time. These fluctuations can cause a security to be worth less than the price originally paid for it or less than it was worth at an earlier time. Market risk may affect a single issue, an entire industry or the market as a whole. Although we believe that our investment program will moderate this risk to some degree through a diversification of asset classes, investment strategies and multiple investment managers, we do not represent or guarantee that the program will be successful. A client's portfolio may include the use of investment managers who use such investment techniques as limited diversification, short sales, leverage, and uncovered option transactions, which practices can, in certain circumstances, maximize the adverse impact on invested assets and can result in a loss of the entire investment. To the extent the investment managers pursue investment opportunities in undervalued securities and "special situations," there is an inherent uncertainty in the appraisal of future values and a risk of loss of capital.

**Use of Leverage**

Some managers may use leverage by purchasing instruments with the use of borrowed funds, or by trading options or futures contracts. Although such techniques increase the opportunity for a higher return on investment, they also increase the risk of loss.

**Increased Costs of Frequent Trading**

Some of the strategies employed by the investment managers may involve frequent trading. Portfolio turnover and brokerage commission expenses may therefore significantly exceed those of other investment entities of comparable size.

**Volatility of Financial Markets**

During the last several years, the financial markets have evidenced a high level of volatility. Enhanced volatility, market turmoil and the credit crisis are factors that may exacerbate volatility of the financial markets. Continued volatility could disrupt our investment strategy. If the evaluation of an opportunity should prove to be incorrect, our clients could experience losses as a result of a decline in the market value of the securities held in long positions or an increase in the cost to cover securities held in a short position.

Clarius cannot predict the timing of these adverse impacts.





## **Foreign Investments**

Foreign investments involve certain special risks, including risks associated with political and economic developments, higher operating expenses, foreign withholding and other taxes that may reduce investment return, possibility of expropriation of assets, reduced availability of public information concerning issuers and the fact that foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to U.S. issuers. Other risks include those resulting from fluctuations in currency exchange rates, revaluation of currencies and the possible imposition of currency exchange blockages. Securities of foreign issuers may be less liquid and their prices more volatile than those of securities of comparable domestic issuers. Transaction costs for foreign securities are generally higher than in the United States. Exchange controls and tax or other regulations (currently applicable or introduced in the future) may affect the value and marketability of, and the returns derived from, the foreign investments.

## **Emerging Markets Risks**

We may invest client assets in securities issued by emerging markets companies. Securities of many issuers in emerging markets may be more volatile and less liquid than securities of domestic issuers and the risks of investing in foreign securities are often greater for investments in emerging markets. These risks include the possibility of: expropriation; nationalization; confiscatory taxation; imposition of foreign taxes on income and gains from securities such as imposition of dividend or interest withholding; foreign exchange controls; currency blockages or transfer restrictions; military coups or other adverse political or economic developments; default in foreign government securities; less government supervision and regulation of securities exchanges, brokers and listed companies; and difficulty of enforcing obligations in other nations. In addition, investments in emerging market securities involve special considerations due to more limited information, higher brokerage, custodial and other costs, different accounting standards and thinner trading markets. Communication between the United States and emerging markets may be less reliable than within the United States, increasing the risk of delayed settlements of portfolio transactions or loss of certificates for portfolio securities.

## **Short Selling**

Some underlying investment managers may engage in selling securities short. Short selling exposes the seller to unlimited risk due to the lack of an upper limit on the price to which a security may rise.



### **Lack of Liquidity in Markets**

Despite the heavy volume of trading in securities and futures, the markets for some securities and futures have limited liquidity and depth. This lack of depth could disadvantage an investor, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

### **Investment in Non-Marketable Securities**

Managers of private equity, venture capital and some real asset funds may invest capital in non-marketable securities as provided in each of their governing instruments. As a result, the investment manager may have to hold such security despite an adverse price movement.

### **Manager Risk**

We regularly recommend or utilize the services of other registered investment advisors in the management of client accounts and those managers provide their own agreements and disclosure materials to our clients. Third-party investment advisors who have been successful in the past may not be successful in the future; they may deviate from their stated investment mandate or strategy; and since we do not control the third-party investment advisor, we may not be able to fully identify internal control weaknesses or fully evaluate the accuracy of representations made by such investment advisors when performing due diligence on them. Furthermore, such investment advisors may have conflicts of interest when providing investment advice to our clients that we are not aware of.

- C. Risks Associated with Types of Securities that are Primarily Recommended: While we may purchase individual stocks and bonds for clients, in most cases we invest in exchange-traded funds (“ETFs”) or mutual funds to obtain exposure to public equities, fixed income markets, foreign securities, commodities, real estate, natural resources, and other asset classes. While we describe the risks of ETFs generally, the other risks described above will in most cases also apply to the underlying assets of a specific ETF or mutual fund.

### **Exchange Traded Funds**

Exchange-traded funds (“ETFs”) are funds bought and sold on a securities exchange that attempt to track the performance of a specific index (such as the S&P 500), a commodity, or a basket of assets (such as a set of technology-focused, country-specific, or other sector-specific stocks). The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying securities. ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying index; and (ii) the risk of possible trading halts



due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable.

### **Common Stocks and Equity-Related Securities**

Prices of common stocks react to the economic conditions of the company that issued the security, industry and market conditions, as well as other factors, and may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants and options, may also vary widely.

### **Fixed Income Securities**

Prices of fixed income instruments (e.g., bonds) can exhibit some volatility and change daily. Investments in fixed income instruments present numerous risks, including credit, interest rate, reinvestment and prepayment risk, all of which affect the price of the instruments. For instance, a rise in interest rates will generally cause the price of bonds to go down. If the security is held to maturity and the issuer does not default, the client should receive the face amount of the bond at the maturity date, as well as stated interest payments while the bond is held. In this case, the change in price prior to maturity may not affect the client. If the client needs to sell prior to maturity, however, the investor would likely experience a loss. Where a client's fixed income exposure is to bond funds or fixed-income ETFs, the fund or ETF does not itself "mature," although different issues held by the fund/ETF will mature and will experience price fluctuations. Investors are therefore highly dependent on the manager's ability to accurately anticipate the impact of rate changes and to appropriately manage the portfolio to achieve both adequate returns and reasonable risk. The US has experienced a prolonged period of historically low interest rates; future increases in rates could have a material negative impact on the value of current fixed income holdings. In addition, the value of fixed income instruments may decline in response to events affecting the issuer, its credit rating or any underlying assets backing the instruments. For corporate bonds prices may be especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. The prices of high-yield, fixed income securities fluctuate more than high-quality debt issues. High-yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, or other factors. In the event of a default, the investment may suffer a partial or total loss.

### **Currency and Derivatives Risks**

A decline in the value of a foreign currency relative to the US dollar will reduce the value of securities denominated in that currency.



Futures, options, swaps, and forward foreign currency exchange contracts are forms of derivatives. We may recommend investment strategies that use derivatives to gain exposure to a market sector or country, to invest cash temporarily in a fund's primary asset class, or to adjust the duration of a fixed income portfolio. Derivatives are wasting assets and expire at pre-determined dates. Commission charges for derivatives transactions may be higher than the charges assessed for other assets, such as individual equities, and therefore a portfolio with a significant number of derivatives transactions may incur larger overall costs. We may recommend investment managers who use derivatives to hedge a portfolio's currency or interest rate risk. The managers' use of derivatives presents several risks:

- the risk that the manager or the Partnership will not correctly anticipate the direction of movements in interest rates, securities prices, and foreign currency exchange rates;
- the imperfect correlation between the price of a derivative and that of the underlying securities, interest rates, or currencies being hedged;
- the possible absence of a liquid secondary market for a particular derivative;
- the risk that the other parties to a derivatives contract may fail to meet their obligations (credit risk); and
- the risk that adverse price movements in a derivative can result in a loss greater than the fund's initial investment in the derivative (in some cases, the potential loss is unlimited).

**Private Placements (*unregistered hedge funds, private equity or debt, other private funds*)**

These investments are exempt from registration under federal securities laws, may have limited or no transparency as to the underlying investments, and are generally available only to "accredited" or "qualified investors," who are assumed to be sophisticated purchasers who have little or no need for liquidity from such investments, and are able to withstand the loss of some or all of their investment. Limitations on withdrawal rights and non-tradability of interests create higher liquidity risk and such securities should be viewed as long-term investments. Clients do not have access to public information, and the securities purchased are deemed restricted, are not traded on a secondary market or exchange and the instrument is thus illiquid. Partnership and fee expenses may be a higher percentage of net assets than traditional investment strategies and may include performance or incentive fees. The duration of private fund investments with longer-term securities are more sensitive to interest rates and include the possibility of more volatility than other investments. This is not an exclusive list of potential or actual risks in any particular private placement and additional important information is found in the specific security's offering materials. Clients must execute separate subscription documents to invest in private placements.



## ITEM 9: DISCIPLINARY INFORMATION

Neither Clarius nor any of its management personnel has any disciplinary or legal events to disclose.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We have no other financial industry activities or affiliations. In recommending other advisors for our clients, we select unaffiliated firms as described in Item 4, above, and we do not receive any compensation, directly or indirectly from them.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

A. Code of Ethics: Clarius has established, maintains and enforces a Code of Ethics (the “Code”), which requires each employee to:

- Offer and provide professional services with integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence;
- Comply with applicable federal securities laws;
- Report personal securities holdings and transactions for review;
- Protect confidential or material, nonpublic information about issuers from improper disclosure;
- Promptly report violations of the Code of Ethics to Clarius’s Chief Compliance Officer; and
- Provide a written acknowledgement that he or she (1) has read the Code, (2) understands the policies and procedures outlined therein and (3) agrees to be bound by its terms.

Employees will be reminded annually of their obligations under the Code.

Employees must obtain prior written approval from the Chief Compliance Officer before acquiring any securities in an initial public offering or private placement and before serving on the boards of directors of public or private companies. We will approve these actions only if we determine that the acquisition or board service would be consistent with the interests of our clients and consistent with applicable securities laws or regulations. Employees serving as directors must remove themselves from investment decisions which might be inconsistent with the interests of our clients. Furthermore, Clarius does not advise with respect to any security of an entity in which a Clarius employee is an insider.



We maintain our Code of Ethics and our policies and procedures in writing and provide our Code of Ethics to clients and prospective clients at their request.

- B. Client Transactions in Securities where Advisor has a Material Financial Interest: We do not recommend products or strategies in which we have a material financial interest.
- C. Investing in Securities Recommended to Clients. Clarius and its related persons, such as owners, officers and employees, may simultaneously engage in the purchase or sale of certain investments that are also being traded for clients. To achieve the desired level of diversification, client portfolios include ETFs, mutual funds and professionally managed accounts. Our owners, officers and employees frequently invest alongside and in line with client portfolios and are included in the aggregation process as described in Item 12: Brokerage Practices. We require our related persons to disclose their securities trading for both personal and family accounts to the Chief Compliance Officer, who determines that there are no undisclosed potential conflicts of interests with our clients.

## ITEM 12: BROKERAGE PRACTICES

- A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions: Clarius is not affiliated with any broker-dealer, but along with the discretion to specify the types and amounts of securities to be bought or sold in client accounts, we may recommend the broker-dealers through whom securities are traded and we seek opportunities to negotiate the commission rates at which these transactions are effected. Under the provisions of our written investment advisory agreement, our policy is to secure for its clients the best overall execution of buy or sell orders at the most favorable net prices in securities transactions, consistent with a determination as to the business qualifications of the various broker-dealer firms with which we may do business. Among the factors we consider in selecting a broker-dealer are price, efficiency in effecting the transactions, reliability and financial stability, custody, quotation and recordkeeping services.

We typically recommend Charles Schwab & Co., Inc. ("Schwab") for custody of client assets. This is Schwab's business serving independent investment advisory firms such as Clarius. They provide us and our clients with access to institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services described below are generally available on an unsolicited basis (i.e., we do not have to request them) and at no charge to us. Here is a more detailed description of Schwab's support services:



### **Services that Benefit Clients Directly**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit each client.

### **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit a specific client. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients' accounts; and
- Assist with back-office functions, recordkeeping and client reporting.

We make use of all of these services in our business.

### **Services that Generally Benefit Only Us**

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Technology, compliance, legal, and business consulting;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.



We do not use consulting services provided by Schwab but may take part in educational conferences and events, and use publications provided on practice management. We will review the availability of benefit providers and other services offered as we continue to operate and may make use of other opportunities in the future.

The availability of the services described above from Schwab benefits us because we do not have to produce or purchase them. They are not contingent upon Clarius committing any specific amount of business to Schwab in trading commissions or assets in custody.

- Brokerage for Client Referrals: We do not select or recommend broker dealers based on whether we receive client referrals from such broker-dealer.
- Directed Brokerage: Because we recommend a specific custodian and then execute your investment transactions through that custodian on a discretionary basis, we are effectively requiring that you “direct” your brokerage to Schwab, absent other specific instructions as discussed below. Because we are not choosing brokers on a trade-by-trade basis, we may not be able to achieve the most favorable executions for clients and this may ultimately cost clients more money.

We do permit clients to direct us to use brokers other than the custodian. In such situations, Clarius may have a diminished ability to negotiate commissions, which may result in greater costs.

- B. Order Aggregation: While each client is advised independently and transactions are executed in accordance with such advice, we may aggregate orders to reduce execution costs. We do not always aggregate orders when we have the opportunity to do so. This is due to the fact that our focus is on individual advice rather than execution decisions across our client advice. Not aggregating orders may result in higher execution costs than if we consistently aggregated.

If we aggregate orders, we allocate the securities among client accounts so as not to systematically favor any client account over another. We determine which accounts will participate in an aggregated order on a case by case basis in the best interests of the client. We consider such factors as account size, suitability, taxes, diversification and/or cash availability. Participating accounts share the benefit, if any, of aggregation pro rata. If aggregated orders are not completely filled on the day on which they are placed, we complete the allocation on the next business day when the order is filled at the average price for trades on both days. Each participating client will receive the average share price on the transaction day and costs will be allocated pro rata.





## **ITEM 13: REVIEW OF ACCOUNTS**

Clarius's team manages each client relationship. Our client management teams consist of a relationship manager, referred to as an "RM," and an operations associate. Sometimes a member of the investment team is also assigned to a particular client. Each RM supervises and works closely with other members of the team.

Wealth Management and Family Office RMs and their teams meet at least quarterly to review client accounts. A number of factors may trigger an account review, such as changes in the client's circumstances or objectives, a need to rebalance the account to reflect the asset allocation, or changes in the investment or tax environment that may impact the account's performance.

The RM is primarily responsible for financial planning and works closely with the planning team to review input and recommendations.

We provide quarterly reports to our clients, which reflect deposits and withdrawals from the account and investment performance net fees. These reports are a supplement to, not a replacement for, the statements provided by the account custodian. We urge clients to carefully compare statements we provide provided with those provided by the custodian and to notify us promptly of any discrepancies.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Clarius is not compensated by any non-client in connection with providing advice to clients. We do not directly or indirectly compensate any individual or entity for client referrals.

## **ITEM 15: CUSTODY**

Our clients receive account statements at least quarterly directly from the qualified custodian of the client's assets. We encourage clients to carefully review and compare the information in the custodian's statements with the information in our quarterly statements for consistency.

We offer a bill-paying service to clients. When we provide this service, we are subject to an annual surprise audit by a PCAOB-registered independent public accountant in accordance with SEC regulations.



## **ITEM 16: INVESTMENT DISCRETION**

Our clients enter into a written investment advisory agreement that sets forth the scope of our discretionary authority. Unless otherwise directed by the client and except with respect to private placements which must be authorized by the client, we have the authority to invest client assets, including the investment and reinvestment of interest, dividends and capital gains, and to exercise authority granted under a limited power of attorney included in their custodial account agreement. We require written authorization (e.g., a subscription agreement) in order to invest client funds in any private placement.

We have the power under this limited power of attorney to direct the transfer of funds for investment purposes or to the client personally and in this regard, may send checks, wire funds, and otherwise transfer funds held in the client's accounts (1) to other accounts of identical registration, (2) to the client at his/her address of record, or (3) as otherwise directed by the client in writing.

## **ITEM 17: VOTING CLIENT SECURITIES**

Clarius generally does not vote client securities (proxies) on behalf of its clients, but may choose to do so at client request. If applicable, our authority to vote proxies will be identified in the individual client's advisory agreement. Our policy is to vote proxies solely in the best interests of our clients, to retain records of how we voted and why, and to provide information to clients who wish to know how we voted a particular proxy. A copy of our proxy voting policies is available by emailing the firm. While we do not believe conflicts of interest will arise with respect to proxies, if a material conflict of interest does present itself, we will notify the affected clients or refrain from voting the shares affected by the conflict of interest.

For the majority of clients who will vote their own proxies, they will receive proxy information through the account custodian. We routinely consult with clients who want to discuss particular solicitations; clients are free to call or email to seek additional information.

## **ITEM 18: FINANCIAL INFORMATION**

Clarius is unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitment to our clients.