



**Clarus Wealth Advisors, LLC**

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Part 2A Brochure

This brochure provides information about the qualifications and business practices of Clarus Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (623) 583-6840. 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. Clarus Wealth Advisors, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Clarus Wealth Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Clarus Wealth Advisors, LLC is 281160.

## ITEM 2 - MATERIAL CHANGES

### Summary of Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The following are material changes since our last filing:

- Moving from State Advisor to SEC Advisor
- Disclosure of Sub Advisory Fees under Item 5
- Mike Sherman is now our Chief Compliance Officer

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer (“CCO”) Mike Sherman at 623-583-6840 or contact [msherman@claruswealthadvisors.com](mailto:msherman@claruswealthadvisors.com).

We encourage you to read this document in its entirety.

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## **ITEM 4 - ADVISORY BUSINESS**

This Disclosure document is being offered to you by Clarus Wealth Advisors, LLC. ("Clarus Wealth Advisors" or the "Firm") in connection with the investment advisory services we provide. It discloses information about the services we provide and the manner in which those services are made available to you, the client.

Clarus Wealth Advisors is an independent, fee-only investment advisory firm providing portfolio management to clients. The firm was established by Joshua Cooper and Bert Cooper in 2015. Joshua Cooper and Bert Cooper are the firm's principal owners owning each 50% of the entity. Clarus Wealth Advisors became a registered investment adviser in 2015.

We are committed to helping clients build, manage, and preserve their wealth, and to provide assistance to clients to help achieve their stated financial goals. We may offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and Clarus Wealth Advisors execute an engagement letter or client agreement.

### **Investment Management and Supervision Services**

We offer discretionary investment management and investment supervisory services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio statements and ongoing monitoring services for the portfolio.

We determine your portfolio composition based on your needs, portfolio restrictions, if any, financial goals and risk tolerances. We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This enables us to determine the portfolio best suited for your investment objective and needs.

In performing our services, we shall not be required to verify any information received from you or from other professionals. If you request, we may recommend and/or engage the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional.

Once we have determined the types of investments to be included in your portfolio, and allocated them, we will provide ongoing portfolio review and management services. This approach requires us to review your portfolio at least quarterly.

We will rebalance the portfolio, as we deem appropriate, to meet your financial objectives. We will trade these portfolios and rebalance them on a discretionary basis.

While our advisory services are tailored to you as an individual, when using mutual funds or Exchange Traded Funds (“ETFs”) this multi-fund manager approach makes it difficult for us to ensure that your portfolio will not invest in a particular industry or security.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do not and will not have custody of your funds or securities. We do have limited authority to direct the Custodian to deduct investment advisory fees, but only with the appropriate authorization from you.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that may adversely affect an account’s performance. This could result in capital losses in your account.

The Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Clarus Wealth Advisors to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Clarus Wealth Advisors directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

### **Sub-Advisory Agreements**

Clarus Wealth Advisors may utilize independent third-party investment advisers to aid us in the implementation of investment strategies for your portfolio. In certain circumstances, we may allocate a portion of a portfolio to an independent third-party investment adviser (“independent Manager”) for separate account management based upon your individual circumstances and objectives, including, but not limited to, your account size and tax circumstances. Upon the recognition of such situations, in coordination with you, we will hire an independent manager for the management of those securities.

Clarus Wealth Advisors evaluates a variety of information about independent managers, which may include the independent managers’ public disclosure documents, materials supplied by the independent managers themselves and other third-party analyses it believes are reputable. To the extent possible, we seek to assess the independent managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. Clarus Wealth Advisors also takes into consideration each independent manager’s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Clarus Wealth Advisors continues to provide services relative to the discretionary or non-discretionary selection of the independent managers. On an ongoing basis, we monitor

the performance of those accounts being managed by independent managers. Clarus Wealth Advisors seeks to ensure the independent managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Consulting Services**

We also provide clients investment advice on a more limited basis on one or more isolated areas of concern such as estate planning, real estate, retirement planning, or any other specific topic. Additionally, we may provide advice on non-securities matters in connection with the rendering of estate planning, insurance, real estate, and/or annuity advice. Client will also be required to select their own investment managers, broker-dealer and/or insurance companies for the implementation of consulting recommendations. If Client needs brokerage and/or other financial services, Consultant may recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals ("Firms"). Then Client must independently evaluate these Firms before opening an account or transacting business, and has the right to effect business through any firm they choose.

### **Wrap Fee Programs**

We do not place client assets into a wrap fee program.

### **Assets**

As of March 8, 2017, we have \$124,452,422 in assets under discretionary management and \$12,516,903 in non-discretionary assets under management.

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## **ITEM 5 - FEES AND COMPENSATION**

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### **Investment Management Fees and Compensation**

Clarus Wealth Advisors charges a fee as compensation for providing Investment Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, and other account maintenance activities. The custodian may charge custodial fees, transaction costs, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below.

In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12 (b) (1) fees and other mutual fund annual expenses as described in the fund's prospectus. Furthermore, some existing variable annuities may be subject to trailing service fees, deferred sales charges, and mortality and expense fees. These fees are independent of our fees and should be disclosed by the custodian or contained in each fund's prospectus. You should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

The fees for accounts are based on an annual percentage of assets under management. The monthly initial fee will be based upon the average daily balance from the date the assets are in the account through the end of the month in arrears. Thereafter, the fee is charged monthly in advance based on the average daily balance from the previous month.

For accounts billed quarterly in advance, the initial fee is based on the first quarter end value in arrears. Thereafter, the fee is quarterly in advance and is calculated on the market value of the account on the last day of the calendar quarter and will cover the period from the first day of the calendar quarter through the last day of the calendar quarter. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances.

Our investment advisory fees shall not exceed 2.00%. The specific advisory fees are set forth in your Investment Advisory Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fees may be negotiated. Negotiated lesser fees are based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

For withdrawals greater than \$10,000, we will refund a portion of the fee for those assets that are withdrawn from the account during a quarter and charge retroactively for assets of \$10,000 that are added to an account during a quarter. In such cases, the refund or charge will be calculated on a pro rata basis based on the number of days for which the assets were in the account.

At our discretion, we may add (aggregate) asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We may do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a reduced advisory fee based on the asset levels available in our fee schedule.

Clients generally provide Clarus Wealth Advisors and/or certain independent managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Clarus Wealth Advisors. Alternatively, Clients may elect to have Clarus Wealth Advisors send a separate invoice for direct payment. You are encouraged to review your account statements for accuracy. We will receive a duplicate copy of the custodian's statement that was delivered to you.

Either Clarus Wealth Advisors or you may terminate the management agreement, upon immediate written notice to the other party. The management fee will be prorated to the date of termination, for the month or quarter in which the cancellation notice was given and many unearned fees will be refunded to you. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets.

### **Sub-Advisory Management Fees**

Fees and billing methods are outlined in each respective sub-advisor's Brochure and Advisory Contract. Client's fees ranging from 0.30% to 0.60% are paid to the Manager. Fees paid to Clarus are described above. With some sub-advisers, the entire fee can be up to 2.0%. A portion of this fee goes to the sub-adviser, Clarus and the platform. The fees are based upon a percentage of your assets under management with respect to each Manager. You will receive a copy of any agreements which will disclose all fees.

Clarus Wealth Advisors has a conflict of interest to recommend selections of management style and Managers that would result in higher advisory fees paid to us. However, we will make all recommendations independent of such fee consideration and based solely on our duty to consider your objectives and needs in accordance with our fiduciary duty.

The minimum account size for participating in a Manager's Program will vary from Manager to Manager. All such minimums will be disclosed in the respective Manager's Brochure. We may have the ability to negotiate such minimums for you.

You may terminate your relationship in accordance with the respective Managers' disclosure documents. If you terminate your participation in the Program within five business days of inception, you will receive a full refund of the fee. Pre-paid fees will be refunded in accordance with the respective Manager's agreement and disclosure documents.

You may terminate the agreement with the Manager at any time. We may at any time recommend that you terminate the relationship with a Manager that manages your assets. We will not conduct on-going supervisory reviews of the Manager following such termination.

Factors involved in recommending the termination of a Manager may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the Manager, unexplained poor performance or unexplained inconsistency of account performance.

### **Consulting Services**

The fee for general consulting services is a fixed fee. Under a fixed fee arrangement, any fee will be agreed upon in advance of services being performed. The fee will be determined based on factors of the consulting project and fully detailed in our agreement. The fee is payable upon signing the agreement. We will complete work within six



months of the date your fee is paid, in cases where you pay in advance. If the work is not completed in such a time, we will refund your fee on a pro-rated basis. The fixed fee typically ranges between \$250 and \$50,000. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

You may terminate the consulting service agreement by providing us with written notice. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you based on an hourly rate of \$250.00.

Client may request subsequent, additional, special reviews, or requests for consulting services. These additional services may be subject to an additional charge. Additional services will be based on an agreed fixed fee. Fees are disclosed in the Consulting Agreement, Exhibit B.

#### **Additional Fees and Expenses:**

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you may pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management. Clarus receives no part of the following fees:

- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF) and Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Deferred sales charges (on MF or annuities);
- Transfer taxes;
- Wire transfer and electronic fund processing fees;

All fees exclusive of the investment management fee can be obtained by contacting us at 623-302-7740 or [contact@claruswealthadvisors.com](mailto:contact@claruswealthadvisors.com). Please refer to the “Brokerage Practices” below for discussion of Clarus Wealth Advisors’ brokerage practices.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above in Fees and Compensation.

## **ITEM 7 - TYPES OF CLIENTS**

We provide advisory services to individuals, high net worth individuals, estates, family trusts, and corporate investment plans.

We have a minimum requirement of \$50,000 of investable assets to open an account with Clarus Wealth Advisors. We may, in our sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. Clarus Wealth Advisors only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. We may aggregate the portfolios of family members to meet the minimum portfolio size.

Certain independent managers may, however, impose more restrictive account requirements and billing practices from our practices. In these instances, we may alter our corresponding account requirements and/or billing practices to accommodate those of the independent managers.

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

### **Overview**

### **Methods of Analysis**

Clarus Wealth Advisors/CWA's investment philosophy revolves around Modern Portfolio Theory ("MPT"). The essence of MPT is to maximize a portfolio's expected return given a level of risk. This outcome is achieved through diversification, investing in asset classes and having a long-term investment time horizon (generally a minimum of three years). CWA designs model portfolios based on these assumptions. When choosing the actual investments, CWA evaluates institutional mutual fund managers using the due diligence criteria established by the Center for Fiduciary Studies at the Katz Graduate School, University of Pittsburgh. Managers selected are based upon (i) their performance relative to their peer group, (ii) their performance relative to assumed risk, (iii) the inception date of the product, (iv) the correlation relative to their peer group, (v) the assets they have under management, (vi) their consistency between their holdings and their investment style, (vii) the expense ratios or fees charged and (viii) the stability of the organization.

Our investment philosophy is based on the belief that capital markets are efficient, meaning that the price of securities reflects all available information. This doesn't mean that the prices are correct but that competition among market participants will make it nearly impossible for any single investor to consistently make profits over and above all

other investors. With the rapid technological advances, enabling anyone with a fast computer to have access to the same information as professional portfolio managers, that efficiency continues to improve.

For three decades, academic research has shown that “stock pickers”-those who try to exploit perceived mispricing in the markets-have been unable to recoup their research costs. We firmly believe that passively managed mutual funds are the best building blocks for creating globally diversified portfolios.

The CWA Investment Committee meets to evaluate the CWA Model Portfolio allocations. The Investment Committee meets on regular basis to evaluate market conditions, macro-economic trends, CWA model performance, asset class performance, and individual mutual fund performance. The Investment Committee may recommend allocation changes to a model portfolio based on fundamental and quantitative analysis.

### **Asset Allocation**

The choice of which assets to own and the percentage allocated to each asset accounts for 94% of a portfolio’s return, according to academic research. The greater exposure to equities (stocks) the greater the potential for gains and losses. Fixed income (bonds) are used to temper the volatility of your portfolio. Each of our portfolios are constructed to provide the greatest level of return with the minimum amount of risk. All portfolios are constructed with mutual funds using the Fama/French multifactor asset pricing model. This means the equity portion of all portfolios, while having exposure to all the market place for equities, will have a small cap, value tilt. The fixed income portion of all portfolios will tend to keep maturities within ten years.

Rather than focusing primarily on securities selection, attempts are made to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance and time horizon.

One of the risks of asset allocation is that a client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals. To overcome this, each asset in a portfolio is given a target percentage and a tolerance band that indicates if an asset is over/under weighted. Every client’s model portfolio is checked on a regular basis and rebalanced to the portfolios objective.

### **Global Diversification**

The key to higher risk-adjusted returns is taking advantage of investment opportunities throughout the world. We strongly believe that global diversification will decrease the risk of your portfolios and increase your rates of return over the long run. Even though you may believe that America is the strongest financial country in the world, it could still

face recessions and/or depressions in the coming years. Clarus Wealth Advisors recommend that you have significant exposure to all the world markets.

### **Mutual Fund and/or ETF Analysis**

The experience and track record of the manager of the mutual fund or ETF is reviewed in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. The underlying assets in a mutual fund or ETF are reviewed in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. The funds or ETFs are monitored in an attempt to determine if they are continuing to follow their stated investment strategy.

One of the risks of a mutual fund and/or ETF is that as for all investments, past performance does not guarantee future results. A manager who has been successful in the past may not be able to replicate that success in the future. In addition, as CWA has no control of the underlying investments in a mutual fund and/or ETF, managers of different funds held by the client may purchase the same security, thus increasing the risk to the client if that security were to fall in value. An additional risk is that a manager may deviate from the stated investment mandate or strategy of the mutual fund and/or ETF, a circumstance that could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that certain data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **Third Party Manager Analysis**

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client's investment objective. We do this by analyzing the various securities, investment strategies, and third party management firms. The goal is to identify a client's risk tolerance, and then find a manager with the maximum expected return for that level of risk.

We examine the experience, expertise, investment philosophies and past performance of independent third party managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the managers' underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the managers' compliance and business enterprise risks.

A risk of investing with a third party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not

control the underlying investments in a managers' portfolio, there is also a risk that the manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the managers' daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

## **Risks**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

You should be aware that your account is subject to the following risks:

- Stock Market Risk – The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.
- Managed Portfolio Risk – The manager's investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- Industry Risk – The portfolio's investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- Non-U.S. Securities Risk – Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political and economic instability.
- Emerging Markets Risk – To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- Currency Risk – The value of your portfolio's investments may fall as a result of changes in exchange rates.

- Interest Rate Risk - The value of fixed income securities rises or falls based on the underlying interest rate environment. If rates rise, the value of most fixed income securities could go down.
- Credit Risk - Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- Inflation Risk - Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- ETF and Mutual Fund Risk – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with us varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio.
- Independent Managers - We may select certain Independent Managers to manage a portion of its clients' assets. In these situations, we continue to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, we generally may not have the ability to supervise the Independent Managers on a day-to-day basis.
- Options Risk - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Clarus Wealth Advisors does not have any legal, financial or other “disciplinary” item to report.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Licensed Insurance Agents**

A number of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that Clarus Wealth Advisors recommends the purchase of

insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. Although the Firm does not directly share in any compensation earned by the Supervised Persons in this capacity, the Firm's CCO, in his capacity as agent, will share in the commissions earned for the sale of insurance products. At all times Clarus Wealth Advisors and Supervised Persons of the Firm will act in your best interest and act as a fiduciary in carrying out services provided to you.

### **Broker/Dealer**

Clarus Wealth Advisors is not a broker/dealer, but most our IARs are registered representatives of other of WFG Investments, Inc. ("WFG") a full service broker-dealer, member FINRA/SIPC. WFG compensates our IARs for effecting securities transactions. When placing securities transactions through WFG in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of WFG and Clarus Wealth Advisors, WFG has certain supervisory and administrative duties pursuant to the requirements of FINRA Rule 3280. WFG and Clarus Wealth Advisors are not affiliated companies. IARs of Clarus Wealth Advisors spend a portion their time in connection with broker/dealer activities.

WFG engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by Clarus Wealth Advisors or its IARs, investments in securities may be recommended for clients. If selected as the broker-dealer, WFG and its registered representatives, including IARs of Clarus Wealth Advisors, may receive commissions for executing securities transactions.

You are advised that if WFG is selected as the broker-dealer to transact the trades in your account, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of Clarus Wealth Advisors or WFG.

Moreover, you should note that under the rules and regulations of FINRA, WFG has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require WFG to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than WFG. WFG retains a portion of the investment advisory fee on a flat fee basis. . The charge will not increase the advisory fee you have agreed to pay Clarus Wealth Advisors. In addition, due to this dual affiliation, WFG will have access to client information.

IARs of Clarus Wealth Advisors, in their capacity as registered representatives of the WFG, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, fee trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients.

However, clients should note that they have the right not to purchase any investment products through Clarus Wealth Advisors' IARs.

#### **ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Clarus Wealth Advisors and persons associated with us are allowed to invest for their own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information and other situations where there is a possibility for conflicts of interest.

The Code of Ethics is designed to protect our clients by deterring misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Clarus Wealth Advisors, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

1. A director, officer or employee of Clarus Wealth Advisors shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or employee of Clarus Wealth Advisors shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Clarus Wealth Advisors.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any individual not in observance of the above may be subject to termination.



You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn: Chief Compliance Officer.

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## **ITEM 12 - BROKERAGE PRACTICES**

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We participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Clarus or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by Clarus or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

In the event you request us to recommend a broker/dealer custodian for execution and/or custodial services, we generally recommend your account to be maintained at TD Ameritrade. We may recommend that you establish accounts with TD Ameritrade to maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's

cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We do not select or recommend broker/dealers based upon receiving client referrals from a broker/dealer or third party. We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we do not permit you to direct brokerage.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. We may use broker-dealers other than your custodian to execute trades for your account, but this practice may result in additional costs to you so that we are more likely to place trades through your custodian rather than other broker-dealers. Your custodian's execution quality may be different than other broker-dealers.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker-dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

In certain instances where we use sub-advisors to manage your account, your assets may be required to be custodied at the broker/dealer or advisor that is sponsoring the program.

We will aggregate trades for ourselves, our associated persons and other clients with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed.
2. We will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gains results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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## **ITEM 13 - REVIEW OF ACCOUNTS**

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### **Account Reviews and Reviewers – Investment Supervisory Services**

The underlying securities within the investment supervisory services are monitored at least quarterly. These reviews will be made by our investment adviser representatives. Client meetings are typically held no less than once a year and are usually conducted in person or by telephone.

The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

### **Statements and Reports**

Clarus Wealth Advisors, through the custodian, will have the ability to provide clients with Performance/Position summary reports upon request. Reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar quarter.

The Custodian will provide quarterly statements of the assets in our Account, the purchase date, the cost and the current market value for the period (or since the opening of the Account). The quarterly fee will be reflected on the periodic account statement provided by the Custodian. The Custodian will make available to you a statement no less than quarterly showing all amounts paid from the Account including all management fees paid by Custodian to Clarus Wealth Advisors. In case of an error in such reports, you shall notify Clarus Wealth Advisors promptly, and Clarus Wealth Advisors will use good faith efforts to make corrections to such reports in a timely manner. Additionally, Clarus Wealth Advisors will send the Client a notice of amount invoiced and billed as part of its quarterly reporting. You are urged to compare the reports provided by Clarus Wealth Advisors against the account statements you receive directly from your account custodian.

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

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As disclosed under Brokerage Practices, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the

program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Clarus Wealth Advisors or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by Clarus Wealth Advisors or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

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#### **ITEM 15 - CUSTODY**

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Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Clarus Wealth Advisors is deemed to have custody of client funds and securities whenever Clarus Wealth Advisors is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Clarus Wealth Advisors will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Clarus Wealth Advisors is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Clarus Wealth

Advisors. When clients have questions about their account statements, they should contact Clarus Wealth Advisors or the qualified custodian preparing the statement.

When fees are deducted from an account, Clarus Wealth Advisors is responsible for calculating the fee and delivering instructions to the custodian. At the same time Clarus Wealth Advisors instructs the custodian to deduct fees from the client's account; Clarus Wealth Advisors will send the client an invoice itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

#### **ITEM 16 - INVESTMENT DISCRETION**

Prior to engaging Clarus Wealth Advisors to provide investment advisory services, clients enter into a written Agreement with Clarus Wealth Advisors granting the firm the authority to supervise and direct, on an on-going basis, investments- in accordance with the client's investment objective and guidelines. Clients will also execute any and all documents required by the Custodian so as to authorize and enable Clarus Wealth Advisors, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your account. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any investment company registered under the Investment Company Act of 1940 and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

The limitations on investment and brokerage discretion held by Clarus Wealth Advisors for you are:

1. For discretionary clients, we require that it be provided with authority to determine which securities and the amounts of securities to be bought or sold,
2. Any limitations on this discretionary authority shall be included in the investment management agreement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.

In some instance, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

#### **ITEM 17 - VOTING YOUR SECURITIES**

We will not vote proxies under our limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

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**ITEM 18 - FINANCIAL INFORMATION**

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This item is not applicable to this brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.