

Item 1. Cover Page

Firm Brochure  
Part 2A of Form ADV  
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This brochure provides information about the qualifications and business practices of Romain Walsh Clerou Professional Investment Management. If you have any questions about the contents of this brochure, please contact Romain Clerou at 707.938.2220 or [rclerou@clerou.com](mailto:rclerou@clerou.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Romain Walsh Clerou Professional Investment Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Search by firm using the CRD# 111081.

**Item 2. Material Changes**

There have been no material changes to Part 2A of Form ADV since the initial filing with the Securities and Exchange Commission on November 6, 2019.

**Item 3. Table of Contents**

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#### **Item 4. Advisory Business**

Romain Walsh Clerou, Professional Investment Management ("RWC") was organized as a sole proprietorship in 1990. RWC's principal place of business is located at 396 Brown Street Napa, California 94559. Romain Clerou is the sole proprietor and decision maker of RWC. RWC has been providing personal investment supervisory and management services to individuals, retirement plans including pension and profit-sharing plans and trusts (collectively "Client (s)") on a fully discretionary basis without restriction for more than twenty-five years. RWC tailors a portfolio of stocks, bonds and cash equivalents for each client based on the review of the client's financial condition and investment objectives. Every quarter RWC provides the Client with a Portfolio Report that: 1) summarizes the performance of the client's portfolio for the three months and compares that performance to an agreed upon benchmark, 2) reviews the financial markets and investment climate, 3) sets forth a detailed statement of the clients portfolio showing original cost, market value and unrealized gain or loss, and 4) sets forth position by position activity. Periodically, RWC meets with the Client to review the Portfolio Report and investment objectives as well as address any questions raised by the Client.

As of December 31, 2019, RWC provided investment management services to 40 clients with assets under management of \$121,379,028.

Romain Clerou through RWC has been providing investment advisory and management services for more than twenty-five years. Mr. Clerou began investing for his own account while in high school and started providing advisory and management services for relatives while attending college at the University of California at Berkeley. Mr. Clerou earned a Bachelor of Science in Business Administration with honors from University of California at Berkeley. While attending college Mr. Clerou passed the Uniform Certified Public Accountants examination and then went to work as an auditor for Deloitte Haskins & Sells (DH&S), a "Big Eight" accounting firm. Mr. Clerou served some of DH&S' top clients prior to going to work for Charles Schwab & Co., Inc. (Schwab). Mr. Clerou was the manager of Financial Reporting at Schwab prior to starting this advisory business. Mr. Clerou's core analytical competency is fundamental analysis of company financial statements.

Mr. Clerou is a member of Phi Beta Kappa, a national academic honor society.

Mr. Clerou has passed the Series 65, Uniform Investment Adviser Law Examination

Mr. Clerou surrendered his CPA license in 2008 as he no longer provides CPA services.

In the event Mr. Clerou is unable to fulfill his duties as an investment advisor, RWC will contact the Client and the custodian to remove any permissions on the account. Thereafter, Client is solely responsible for management of the account.

## **Item 5. Fees and Compensation**

RWC charges a flat fee for services that is based solely on the assets under management. The flat fee is 0.70% (seven-tenths of a percent) per annum. RWC may negotiate fees based on the value of assets under management, the composition of the assets to be managed, the expected contributions of the Client and other factors. The lowest annual fee percentage paid by a client of RWC is 0.35%.

The value of the assets under management is based on the account statement provided by the custodian for the day immediately preceding each quarterly period. Cash equivalents are included in the fee calculation. The fee is payable quarterly, in advance, on the first day of the month in which RWC first provides investment management services.

Currently, all RWC's clients have the quarterly fee deducted directly from their account with the custodian. However, RWC does accept check payment. Either way the Client receives an invoice every quarter that clearly sets forth the fee calculation.

Either party may terminate services by providing thirty days written notice of termination to the other party. If the services are terminated before the last day of the quarterly period, the fee paid in advance is prorated from the termination date with the unearned portion returned to the client.

RWC is not engaged in nor does it charge fees for any other services.

Client may be charged a brokerage commission or fees by the third-party broker for each executed trade. Currently, RWC utilizes Charles Schwab & Co., Inc. to execute equity and bond trades. Schwab does not charge a commission or fee for equity trades, but does embed a fee in the purchase price of a bond.

Schwab is also compensated by earning interest on the uninvested cash in the account.

Mutual funds including money market mutual funds and exchange traded funds embed investment management and other fees that reduce the owner's value. For this and other reasons RWC does not purchase equity or bond mutual funds; although for new accounts that have mutual fund positions RWC will retain those positions for a period of time while individual stocks and bonds are purchased. During this period the mutual funds are included as assets under management in the fee calculation.

Lower fees for comparable services may be available from other sources.

## **Item 6. Performance Fees and Side-By-Side Management**

RWC does not charge any account performance fees. All fees are based solely on assets under management.

## **Item 7. Types of Clients**

RWC provides investment supervisory and management services for individuals, retirement accounts including pension and profit-sharing plans, and trusts.

RWC has a minimum account value requirement for prospective clients of \$1,000,000 although RWC will consider the potential for growth when evaluating a prospective client.

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

### **I. Investment Strategies**

RWC creates a portfolio of stocks, bonds and cash equivalents for each client based on a review of the client's financial condition and investment objectives. RWC invests predominantly in individual stocks and bonds issued by U.S. corporations, municipalities or federal agencies.

A typical portfolio will consist of fifteen to twenty-five stocks and between ten and thirty bonds. RWC expects to own a prospective investment for at least two years. RWC is not a high frequency trader. If the company's financial condition begins to deteriorate, or the company becomes overvalued in relation to expected future cash flow RWC will sell the investment regardless of the ownership period.

RWC adjusts the cash equivalent allocation of a portfolio based on its assessment of the valuation of stocks and bonds. For example, if stocks and or bonds are determined to be overvalued then more dollars will be allocated to cash equivalents and fewer will be allocated to stocks and bonds.

RWC does not purchase or sell securities utilizing borrowed funds (margin). If a margin balance arises from Client withdrawals RWC will attempt to reduce the borrowed balance over a reasonable period.

## II. Methods of Analysis

RWC's core analytical method is fundamental analysis of company financial statements.

RWC utilizes financial newspapers and magazines, annual reports, prospectuses, government filings, company press releases and business and municipal websites when analyzing prospective investments.

## III. Risk of Loss

Investing in stocks, bonds and cash equivalents involves risks; therefore, clients can lose money investing in these securities.

RWC attempts to reduce the risk of losing money by thoroughly evaluating the fundamental prospects for every investment and by not overpaying for those prospects. However, RWC's assumptions will not always be accurate; therefore, Clients will occasionally lose money on specific investments.

RWC does not try to predict macroeconomic trends that can significantly affect the price of stocks, bonds and cash equivalents.

### **Item 9. Disciplinary Information**

RWC has not been involved in any legal or disciplinary action.

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

RWC is not involved in any other business activities.

RWC is not affiliated with nor does it have any financial arrangements with any other business entity.

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

RWC does not buy securities for itself from Clients or sell securities it owns to Clients.

RWC does not enter into securities transactions for compensation for any Client.

RWC does not enter into transactions in which Client securities are sold to or bought from another customer for whom RWC is acting as an agent or broker.

RWC does not recommend to Clients that they buy or sell securities or investment products in which RWC or some related person has a financial interest.

Romain Clerou invests in many of the same stocks and bonds that RWC purchases (sells) for clients; accordingly, RWC will purchase (sell) securities for its account that are also being purchased (sold) for the Client's account. This could present a conflict of interest. RWC's policy is to aggregate all purchase (sell) of securities, then allocate those securities to each client in the desired percentage. Each client receives the same average price per share.

RWC does not take positions that are contra to the Client's position.

RWC has a Code of Ethics that sets forth policies that: 1) mitigate potential conflicts of interest between RWC and Clients, 2) address personal relationships between RWC and Clients including gift giving, 3) address trading of securities by RWC including participation in IPO's and 4) address maintenance of confidential data. A copy of the Code of Ethics is available upon request.

## **Item 12. Brokerage Practices**

RWC provides investment management and supervisory services on a fully discretionary basis. As such RWC determines the securities to be bought or sold, the amount of the securities to be bought or sold, and the brokerage firm to execute the trade.

The Client and RWC agree upon a custodian prior to commencement of services. Thereafter, the client provides the custodian with written instructions that give RWC: 1) the authority to trade in the Clients account, 2) disburse funds to Client accounts with identical registration and 3) deduct management fees from the Client account.

RWC prefers to utilize Charles Schwab & Co., Inc. as the custodian of Client assets and to facilitate trades. RWC utilizes Schwab because they provide free of charge: 1) a dedicated team to address administrative matters, 2) software that allows real time access to client account information, 3) software that allows real time trading of stocks and bonds, 4) good trade execution, 5) a dedicated team to interact with Clients and, 6) zero commissions on equity trades.

RWC has had no complaints from Clients about Schwab handling of their assets in over twenty-five years.

Schwab provides the Client with all of the functionality and information that would normally be received by a non-discretionary account including confirmations, statements, regulatory mailings and the ability to move money and facilitate trades.



RWC often aggregates securities purchases or sells into a single trade or group of trades. RWC allocates the shares to each individual account based on the predetermined amount desired for each account. Each Client receives the same average price of the trade.

Periodically RWC is solicited by other brokerage firms. RWC inquiries about commissions, administrative support, real time access to client account information and software for real time trading of stocks and bonds. There are many firms that are comparable to Schwab but none that have warranted directing clients to another brokerage firm.

RWC does not receive any monetary compensation from Charles Schwab & Co. Inc. for client referrals or client trading activity.

### **Item 13. Review of Accounts**

Romain Clerou is responsible for reviewing all accounts. Every day accounts are updated and balanced with the custodian. Every Client's updated portfolio is viewed at least weekly and usually daily. In addition, accounts are reviewed when significant information about a client holding becomes available. A full review that considers the Client's financial objectives, the markets for debt and equity securities, the political environment, economic factors, and other relevant information is conducted with the Client periodically.

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

RWC does not compensate any individual or entity for Client referrals.

### **Item 15. Custody of Client Assets**

RWC prefers to utilize Charles Schwab & Co., Inc. as custodian of Client assets because Schwab provides the Client with all of the information that would normally be received by a non-discretionary account including confirmations, statements and regulatory mailings. This allows the Client to independently review and monitor RWC's actions. Every quarter RWC provides the Client with a Portfolio Report, a detailed statement of the Client's portfolio. Periodically, RWC meets with the Client to review the report and investment objectives as well as address any questions raised by the Client. RWC urges clients to carefully review Schwab's statements and compare Schwab's records to the portfolio report provided by RWC.

**Item 16. Investment Discretion**

RWC provides investment management and supervisory services on a fully discretionary basis. As such RWC determines the securities to be bought or sold, the amount of the securities to be bought or sold and the brokerage firm to execute the trade.

RWC is granted discretionary authority in RWC's investment advisory contract and through the required Schwab account documents.

**Item 17. Voting Client Securities**

RWC does not vote Client securities. The security proxy statements are sent directly from the transfer agent or custodian to the client. The Client and RWC agree to these terms in RWC's investment advisory contract and through the required Schwab account documents.

RWC does not prepare class action claim forms. It is the responsibility of the Client to prepare class action claim forms. The Client and RWC agree to these terms in RWC's investment advisory contract.

**Item 18. Financial Information.**

RWC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, therefore RWC is not including a balance sheet for the most recent fiscal year.

There are no financial conditions that exist to impair RWC's ability to meet contractual commitments to Clients.

RWC has never been the subject of a bankruptcy petition.

**Item 19. Requirements for State Registered Advisors**

This item is not applicable to RWC.