

# **Clairmont Investment Advisors LLC**

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Clairmont Investment Advisors LLC. If you have any questions about the contents of this brochure, contact us at 305-882-9240. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Clairmont Investment 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.

## **Item 2 Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our initial SEC filing dated April 3, 2019, we have no material changes to report.

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## Item 4 Advisory Business

### Description of Firm

Clairmont Investment Advisors LLC ("CIA") is a registered investment adviser primarily based in Miami Beach, Florida. We are organized as a limited liability company ("LLC") under the laws of the State of Delaware. We have been providing investment advisory services since 2016. The control persons and/or officers and directors Clairmont Investment Advisors LLC are as follows: The adviser is 100% owned by Clairmont Advisors Holdings Limited (BVI) ("CAHL"). Over 75% of CAHL is, in turn, owned by CHY Holdings, LTD ("CHY") and over 75% of CHY is, in turn owned by Clairmont Partners, LTD (BVI) ("CPL"). The ultimate beneficial owners of CPL are James Hoar, Jaime Stewart, Miles Evans and John Jephson who each control 25% of CPL. there are some additional minority owners of CAHL and CHY, none of whom own 25% or more.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Clairmont Investment Advisors LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### WEALTH MANAGEMENT SERVICES

We offer comprehensive Wealth Management Services which combines Portfolio Management with Financial Consulting as described more fully below. Additionally, when appropriate, we may also recommend the use of a Third Party Money Manager to manage all, or a part, of your portfolio. Whether you need the full suite of Wealth Management Services we offer, or only some, you will sign one agreement that will specify those services for which you are engaging us and the fee you pay will be negotiated on that basis as either a percentage of the assets we manage or a flat fee. See the Fees and Compensation section below for more details.

#### ● Portfolio Management Services

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

As part of our portfolio management services, we may use one or more sub-advisers to manage a portion of your account on a discretionary basis. The sub-adviser(s) may use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts

managed by sub-adviser(s) and may hire and fire any sub-adviser without your prior approval. We may pay a portion of our advisory fee to the sub-adviser(s) we use; however, you will not pay our firm a higher advisory fee as a result of any sub-advisory relationships.

As part of our portfolio management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model.

### ● **Advisory Consulting Services**

We offer consulting services that primarily involves advising clients on specific financial-related topics. The topics we address may include, but are not limited to, risk assessment/management, investment planning, financial organization, or financial decision making/negotiation.

Additionally, for certain clients we may also offer Family Office and Wealth Planning Services designed to help our clients organize their financial situation and plan for the successful transfer of wealth to the next generation in the most tax-advantaged manner. Such services generally include financial planning in the following areas:

- Family Continuity
- Estate Planning and Trustee Oversight
- Integrated Tax and Financial Planning
- Lifestyle Management
- Family Philanthropy
- Risk Management

### **Wrap Fee Programs**

We do not participate in any wrap fee program.

### **Types of Investments**

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company or other investment firm and will primarily include advice regarding the following instruments:

- No-load or load-waived mutual funds
- Exchange-traded funds (ETFs)
- Investment in private placement offerings and/or limited investment partnerships, such as, hedge funds and other pooled investment partnerships
- Direct real estate investments through specially created private placement vehicles
- Equity securities
- Corporate debt securities
- Foreign issuer securities

Client portfolio holdings may also include the following instruments:

- Option or other derivative contracts on securities or indices
- United States government securities
- Commercial paper
- Certificates of deposit
- Municipal securities

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

We tailor all of our investment recommendations to the individual needs of each client. All consulting recommendations are based on information gathered through telephone, electronic and in-person discussions.

### **Assets Under Management**

As of December 31, 2019 we have \$92,883,283 in discretionary assets under management and \$114,729,303 in non-discretionary assets under management. We also provide advice on \$3,670,348 in client assets that are not continuously managed.

## **Item 5 Fees and Compensation**

### **WEALTH MANAGEMENT SERVICES**

Our fees are typically based on a percentage of assets under management and may include an additional annual incentive fee (hereinafter the "Incentive Fee").

We will charge the management fee as a percentage of assets under management or consultation, typically ranging from 0.50% to 2.00%, based on the size and complexity of the client's individual portfolio and the nature and extent of any Financial Consulting services required. We will quote an exact percentage to each client based on both the complexity and total dollar value of that account. Depending on the arrangements made at the inception of the engagement we may also agree to charge a fixed fee which may generally range from \$10,000 to \$100,000 or more.

### **Incentive/Performance Fee**

At the end of each calendar year, for those clients subject to an incentive/performance fee, our firm will be entitled to an incentive fee of up to 20% of a client's account performance above a threshold specified in the executed investment advisory agreement and calculated in accordance with the formula specified in the executed investment advisory agreement. Clients who elect to terminate their contracts will be charged an incentive fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the incentive fee was last assessed.

### **Fees in General**

Typically we will directly invoice clients for our Management/Consultation fees in arrears or in advance (as agreed with each client). At times, we may directly debit client fees from their custodial account(s), if so desired by the client.

Fees and account minimums for all services are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the account, etc.). Discounts, not generally available to our advisory clients, may be offered to family members of our staff.

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee. Under no circumstances will we earn fees in excess of \$500 more than six months in advance of services rendered.

Clients with assets booked at certain custodians/broker-dealers may also pay a "Platform Access Fee" or custody fee. Please refer to the fee disclosure documents provided by the relevant custodian/broker-dealer for more specific information.



**Account Termination**

Clients will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing us with a written notice generally ranging from 5 to 30 days, depending on the terms of each advisory agreement, at our principal place of business. Upon termination of any account you will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only for the services rendered. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

**Third-Party Manager Fees**

Our fee is in addition to the fees charged by selected third party investment advisers for the portion of the client's account under each adviser's direct management. Clients should refer to the selected registered investment adviser's disclosure document (Part 2 of Form ADV or other disclosure document in lieu of Part 2) for information regarding the advisory fees charged.

You may be required to sign an agreement directly with the recommended TPMM(s). You may terminate your advisory relationship with the TPMM according to the terms of your agreement with the TPMM. You should review each TPMM's brochure for specific information on how you may terminate your advisory relationship with the TPMM and how you may receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with the TPMM.

**Advisory Consulting Services**

We may charge a fixed or variable fee for advisory consulting services. Fixed fees are negotiable and typically range from \$10,000 to \$100,000 or more, depending on the scope and complexity of services rendered. Our consulting fee is payable during or upon completion of the agreed upon consulting services.

Depending on the arrangements made at the inception of the engagement we may also agree to charge an hourly fee, which is typically \$500 per hour, for advisory consulting and/or Family Office and Wealth Planning Services. Our fee is payable upon completion of the agreed upon services. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

You may terminate the advisory consulting services agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only for the services rendered. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

**Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.



We may trade client accounts on margin. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

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

We may performance-based fees to "qualified clients" having a net worth greater than \$2,100,000 or for whom we manage at least \$1,000,000 immediately after entering an agreement for our services. Performance-based fees are fees based on a share of capital gains or capital appreciation of a client's account. The fixed portion of the fee will not exceed 0.50% to 2.00%% per annum of current portfolio equity, payable in arrears. The performance fee is generally equal to a maximum of 20% of returns over a benchmark of the annual gross profits. Fees will be adjusted for deposits and withdrawals made during the 12-month period. In the event the client makes a complete withdrawal from the account on a date other than year-end, fees will be due at the time of withdrawal. Refer to the *Fees and Compensation* section above for additional information on this topic.

We may manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance-based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities, such as initial public offerings, to clients who are charged performance-based fees over clients who are charged asset based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals (other than high net worth individuals), high net worth individuals, corporations or other businesses not listed above, private investment companies and funds, trusts, charitable organizations and other investment advisers.

In general, we require a minimum account size of \$1,000,000 unless otherwise agreed on with Clairmont to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management.

We charge a minimum fee in the amount of \$10,000 unless otherwise agreed on with Clairmont to open and maintain an advisory account. At our discretion we may waive the minimum fee.

We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

- **Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

- **Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

- **Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

- **Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may

create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

- **Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

- **Risk:** If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Option Writing** - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

- **Risk:** Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

**Trading** - We may use frequent trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Frequent trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses.

- **Risk:** When a frequent trading policy is in effect, there is a risk that investment performance within your account may be negatively affected, particularly through increased brokerage and other transactional costs and taxes.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

We will advise you on how to allocate your assets among various classes of securities or third party money managers. We may also perform quantitative or qualitative analysis of individual securities. We primarily rely on investment model portfolios and strategies developed by ourselves or by the third party money managers and their portfolio managers. We may replace/recommend replacing a third party money manager if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, U.S. custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your U.S. custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some of your principal. The US Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.



**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt, U.S. treasury bonds and other debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

**Commercial Paper:** Commercial paper ("CP") is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default. There is a less risk in asset based commercial paper (ABCP). The difference between ABCP and CP is that instead of being an unsecured promissory note representing an obligation of the issuing company, ABCP is backed by securities. Therefore, the perceived quality of the ABCP depends on the underlying securities.

**Real Estate:** Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in

interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

**Real Estate Investment Trust:** A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

**Limited Partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst-case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

**Derivatives:** Derivatives are types of investments where the investor does not own the underlying asset, but he makes a bet on the direction of the price movement of the underlying asset via an agreement with another party. There are many different types of derivative instruments, including options, swaps, futures, and forward contracts. Derivatives have numerous uses as well as various risks associated with them, but they are generally considered an alternative way to participate in the market. Investors typically use derivatives for three reasons: to hedge a position, to increase leverage, or to speculate on an asset's movement. The key to making a sound investment is to fully understand the risks associated with the derivative, including, but not limited to counter-party, underlying asset, price, and expiration risks. The use of a derivative only makes sense if the investor is fully aware of the risks and understands the impact of the investment within a portfolio strategy. Due to the variety of available derivatives and the range of potential risks, a detailed explanation of derivatives is beyond the scope of this disclosure.

**Structured Products:** A structured product, also known as a market-linked product, is generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and to a lesser extent, swaps. Structured products are usually issued by investment banks or affiliates thereof. They have a fixed maturity, and have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative

component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a "principal guarantee" function, which offers protection of principal if held to maturity. However, these products are not always Federal Deposit Insurance Corporation insured; they may only be insured by the issuer, and thus have the potential for loss of principal in the case of a liquidity crisis, or other solvency problems with the issuing company. Investing in structured products involves a number of risks including but not limited to: fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality; substantial loss of principal; limits on participation in any appreciation of the underlying instrument; limited liquidity; credit risk of the issuer; conflicts of interest; and, other events that are difficult to predict.

**Futures:** Futures are financial contracts obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price. The primary difference between options and futures is that options give the holder the *right* to buy or sell the underlying asset at expiration, while the holder of a futures contract is *obligated* to fulfill the terms of his/her contract. Buyers and sellers in the futures market primarily enter into futures contracts to hedge risk or speculate rather than to exchange physical goods. Futures traders are advised to use only funds that have been earmarked as pure "risk capital" since the risks are high.

## Item 9 Disciplinary Information

We are required to disclose any material facts relating to:

A criminal or civil action in a domestic, foreign or military court of competent jurisdiction.

We do not have anything to report for this item.

An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

We do not have anything to report for this item.

A self-regulatory organization proceeding.

We do not have anything to report for this item.

## Item 10 Other Financial Industry Activities and Affiliations

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker.
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).
3. futures commission merchant, commodity pool operator, or commodity trading advisor.
4. banking or thrift institution.
5. accountant or accounting firm.
6. lawyer or law firm.
7. insurance company or agency.
8. pension consultant.
9. real estate broker or dealer.
10. sponsor or syndicator of limited partnerships.

We have affiliations with one or more of the types of entities listed below that may be material to our advisory business or to our clients, as described below.

Clairmont Advisors Limited ("CAL") is an investment advisor located in the Bahamas and regulated by the Securities Commission of the Bahamas that is wholly owned by Clairmont Advisors Holdings Limited ("CAHL"), our owner. Clairmont Advisors (Cayman) Limited ("CKY") is an investment advisor located in the Cayman Islands that is majority-owned by CAHL and that is registered with the Cayman Islands Monetary Authority under the Securities Investment Business Law. We may share certain resources, such as management, investment staff, back office and infrastructure, with CAL, CKY and CAHL. We may, in conjunction with CAL and CKY, perform research on and/or produce lists of investments that are available for investment on an enterprise-wide basis. We make our own determination regarding how and whether to use such investments in client accounts and may invest in securities that are not on such lists if we determine they are appropriate for a client account. The CAL, CKY and CAHL entities do not provide advice to our clients or the beneficiaries of our clients on our behalf. We may provide our clients with recommendations, investments or services that CAL, CKY or CAHL are also providing to their clients, in which case we provide them concurrently when permitted by our clients' unique needs and circumstances. Accordingly, we believe that any material conflict has been mitigated.

Clairmont Trust Company Limited ("CTCL"), an affiliate of ours, is a trust company located in the Bahamas and regulated by the Central Bank of the Bahamas. CTW Advisory Services, Inc. ("CTWA") and CTW Holdings LLC ("CTWH") are U.S. corporations that are distribution agents for certain U.S.-domiciled trust structures. The ultimate beneficial owners of CTCL, CTWH and CTWA own over 50% of CAHL and thus over 50% of Clairmont Investment Advisors LLC. CTCL, CTWH and CTWA may serve as trustee, signatory or distribution agent for some of our client accounts, in which case we would be deemed to have custody (see Item 15 for more information). CTCL, CTWH and CTWA are compensated by their clients according to a fee agreement in place between them and CTCL, CTWH or CTWA that is separate from any fee arrangement with us. CTCL, CTWH and CTWA may share revenue with CIA and/or its investment advisors which presents a conflict of interest. We believe that such conflict of interest is mitigated by the fact that CTCL, CTWH, CTWA and CIA act as fiduciaries for clients. Furthermore, the investment advisors and clients of CIA are not required to use the services of CTCL, CTWH and CTWA. Clients of CTCL, CTWH and CTWA are also not required to use the services of CIA.

We may enter into an arrangement with affiliated companies of Clairmont Investment Advisers under which employees of those affiliated companies would receive compensation from Clairmont Investment Advisers for the establishment of new client relationships. Employees of those affiliated companies who refer clients to Clairmont Investment Advisers will have to comply with the requirements of the jurisdictions where they operate. The compensation would be a percentage of the advisory fee you pay Clairmont Investment Advisers for as long as you are a client with Clairmont Investment Advisers, or until such time as the agreement with the affiliated company ends. Therefore, the employee of the affiliated company will have a financial incentive to recommend Clairmont Investment Advisers to you for advisory services. This may create a conflict of interest. However, you are not obligated to retain Clairmont Investment Advisers for advisory services. Comparable services and/or lower fees may be available through other firms. You will not be charged additional fees by Clairmont Investment Advisers based on any such compensation arrangement.

Similarly, we may also enter into arrangements with affiliated companies of Clairmont Investment Advisers pursuant to which employees of Clairmont Investment Advisers may refer you to an affiliated company in exchange for which the employee of Clairmont Investment Advisers would receive compensation from the affiliated company. The compensation would be a percentage of the fee you pay the affiliated company for as long as you are a client of the affiliated company, or until such time as



the agreement with the affiliated company ends. Therefore, the employee of Clairmont Investment Advisors will have a financial incentive to recommend the affiliated company to you. This may create a conflict of interest. However, you are not obligated to retain the services of the affiliated company. Comparable services and/or lower fees may be available through other firms. You will not be charged any additional fees by the affiliated company based on any such compensation arrangement.

### **Recommendation of Other Advisers**

We may recommend that you use a third-party money manager ("TPMM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPMM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

Mr. Hein and Mr. Corsetti serve as directors of a number of private funds. For some of these funds, Clairmont Investment Advisors acts as investment manager. To the extent that Mr. Hein, Mr. Corsetti or other employees of CIA have signing authority regarding certain assets of such a fund, it will be included in Clairmont's list of clients for an annual surprise custody audit. Clients of Clairmont Investment Advisors, LLC are generally not solicited to invest in one or more of these funds, and would only be solicited if they are suitable to their investment objectives and risk tolerance.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We generally recommend the brokerage and custodial services of various broker-dealers and custodians (whether one or more "Custodian"). In most cases, the recommended Custodian is a securities broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In some cases we may recommend a non-US broker-dealer or custodian that we believe may better serve that client's interests. In such cases, the non-US broker-dealer or custodian may not be a member of FINRA or SIPC. In any event, we believe that the recommended custodian provides quality execution services for you at competitive prices. In some cases, different clients may have securities held at the same underlying Custodian but obtain access to the Custodian through a different broker-dealer or bank, in which case pricing for custodial and brokerage services may vary. In other cases, clients that trade with a certain frequency and trade size may obtain from a broker-dealer more favorable pricing than other clients obtain from the same broker dealer. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by the custodian, including the value of the custodian's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services the custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

## **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

## **Economic Benefits**

As a registered investment adviser, we generally have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

## **Recommendation of Prime Broker**

In some circumstances, where a client has not previously made custodial arrangements, we may suggest that the client use a particular broker-dealer to act as custodian for the funds and securities we manage. In those cases, we generally only recommend broker-dealers capable of acting as a "prime broker." Under "prime broker" arrangements, the firm may, on a transaction-by-transaction basis, either use the "prime broker"/custodian or select other broker-dealers, who will execute transactions for settlement into the client's "prime brokerage" account. In making suggestions as to "prime broker"/custodians, we will consider, among other things, the clearance and settlement capabilities of the broker-dealer where other broker-dealers execute transactions, the broker-dealer's ability to provide effective and efficient reporting to the client and our firm, the broker-dealer's reliability and financial stability, and the likelihood that the broker-dealer will often be chosen as executing broker-dealer on the basis of the considerations described above, including the prospects that the broker-dealer will provide valuable research services and products.

## **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

## **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

## **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We do not block trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## Item 13 Review of Accounts

The investment review committee is composed of members of the investment department (and typically one or more members of the compliance department and/or senior management) and will monitor your accounts on an ongoing basis and will conduct account reviews at least annually, to ensure the advisory services provided to you are consistent with your investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

We will not necessarily provide you with additional or regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

While reviews and updates to the financial plan are not part of the contracted services, at your request we will review your financial plan to determine if the investment advice provided is consistent with your investment needs and objectives. We will also update the financial plan at your request. At our sole discretion, reviews and updates may be subject to our then current hourly rate. If you implement the financial planning advice provided by our firm, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

## Item 14 Client Referrals and Other Compensation

We may enter into contractual arrangements with employees or advisors of our firm, under which the individual would receive compensation from our firm for the establishment of new client relationships. Employees who refer clients to our firm will have to comply with the requirements of the jurisdictions where they operate. The compensation would be a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the employee or advisor expires. You will not be charged additional fees based on any such compensation arrangement. Incentive based compensation would be contingent upon you entering into an advisory agreement with our firm. Therefore, the individual will have a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

We may directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive either a one-time fixed referral fee at the time you enter into an advisory agreement with our firm or a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to

recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will normally directly debit your account(s) for the payment of our advisory fees. There may, however, be situations, particularly with some non-US custodians, where the custodian does not provide for direct debit of fees or does so only with additional, further written instructions from you. In such cases we will either invoice you for payment or request that you provide additional written instruction to the custodian.

The ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

We may also provide statements to you reflecting the amount of the advisory fee deducted from your account. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. Our statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

Rule 206(4)-2 under the Investment Advisers Act of 1940, states that an adviser will be deemed to have "custody" of client assets if the adviser holds, directly or indirectly, client funds or securities, or has any authority to obtain possession of them in connection with the advisory services. Our affiliates Clairmont Trust Company Limited, CTW Holdings, LLC and CTW Advisory Services Inc. may serve as trustee, signatory and/or distribution agent for some of our client accounts, in which case we would be deemed to have custody. Furthermore, one or more of our employees or investment advisors may serve as a signatory on a client account in order to facilitate our wealth management services. In this case, we comply with the requirements of undergoing an annual surprise examination by an independent public accountant that is registered with the Public Company Accounting Oversight Board (PCAOB) to verify client assets.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.



You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

If you have any questions regarding a particular solicitation, you may contact us by phone, email or regular mail at the telephone number and address listed on the cover page of this Brochure.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.