

## **Part 2A of Form ADV: *Firm Brochure***

### **Private Clients**

#### **Clearstead Advisors, LLC**

1100 Superior Avenue East  
Suite 700  
Cleveland, Ohio 44114

Telephone: 216-621-1090  
Email: [swolken@clearstead.com](mailto:swolken@clearstead.com)  
Web Address: [www.clearstead.com](http://www.clearstead.com)

**Updated as of 3/31/2023**

This brochure provides information about the qualifications and business practices of Clearstead Advisors, LLC ("Clearstead"). If you have any questions about the contents of this brochure, please contact Steven Wolken (Clearstead C.C.O.) at 216-621-1090 or [swolken@clearstead.com](mailto:swolken@clearstead.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Clearstead is an investment adviser registered with the SEC. Registration as an investment adviser does not imply any established or set level or skill or training. The oral and written communications Clearstead provides, including this Brochure, are information to evaluate Clearstead and factor in a decision to hire Clearstead or continue to maintain a mutually beneficial relationship.

Additional information about Clearstead also is available on the SEC's website at (<https://adviserinfo.sec.gov/>). You can search this site by a unique identifying number, known as a CRD number. Clearstead's CRD number is 105674.

## **Item 2      *Material Changes***

This section describes the material changes to Clearstead's business.

Since the last annual amendment of Clearstead's Form ADV Part 2A on March 30, 2022, Clearstead has made the following material changes:

- Effective June 1, 2022 Clearstead made a minority equity interest in GLASfunds, LLC.
- Added language regarding the recommendation of insurance products to clients.
- Added language about ERISA Plan Services due to the new Department of Labor Fiduciary Rule
- Since filing as of 6/30/2022, the clients being advised under Clearstead's Plimsoll Mark Capital division were transferred to Clearstead Trust, a wholly-owned subsidiary of Clearstead Advisors, LLC and are no longer being included as client's of Clearstead Advisors.
- Effective January 31, 2023, Clearstead has promotor ("solicitor") arrangements with non-supervised persons for client referrals.
- Effective February 28, 2028 Clearstead acquired Avalon Trust, LLC ("Avalon Trust") as a wholly owned subsidiary of Clearstead Advisors, LLC. Please see Item 10 for additional information.
- Effective March 23, 2023 Clearstead acquired the clients of CLS Consulting, LLC, which provides trust administration services to high-net worth families and family offices.

Clearstead will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of its business' fiscal year. Furthermore, Clearstead will provide clients with other interim disclosures about material changes as necessary.

<b>Item 3</b>	<b>Table of Contents</b>	<b>Page</b>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	9
Item 6	Performance-Based Fees and Side-By-Side Management	13
Item 7	Types of Clients	13
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	13
Item 9	Disciplinary Information	18
Item 10	Other Financial Industry Activities and Affiliations	18
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	18
Item 12	Brokerage Practices	19
Item 13	Review of Accounts	21
Item 14	Client Referrals and Other Compensation	22
Item 15	Custody	23
Item 16	Investment Discretion	23
Item 17	Voting Client Securities	23
Item 18	Financial Information	23

## **Item 4      Advisory Business**

Clearstead Advisors, LLC ("Clearstead"), is a SEC-registered investment adviser with its principal place of business located in Cleveland, Ohio. Clearstead has a wholly-owned subsidiary named Clearstead Trust, which is a Maine-chartered trust company that can provide trustee services to Clearstead clients. Clearstead also has a wholly-owned subsidiary named Avalon Trust, which is a New Mexico-chartered trust company that can provide trustee services to Clearstead clients.

Clearstead is an independent investment advisory firm founded as Hartland & Co in 1989. Clearstead is owned by Hartland Management Investors, LLC ("HMI"), which holds the shares of Clearstead's employees with approximately 40% ownership and Flexpoint Ford, LLC, through the entity Moses Buyer Holdings, LLC ("Flexpoint Ford") with approximately 60% ownership. Effective October 23rd, 2018, Hartland & Co., LLC changed its legal name to Clearstead Advisors, LLC ("Clearstead"). This was only a name change with no change in ownership or control. Clearstead does business under its new name; however, it is also able to conduct business under the name Hartland & Co., LLC ("Hartland"). Through the acquisition of CLS Consulting, LLC ("CLS"), Clearstead continues to maintain the website for CLS ([www.clsconsultingllc.com](http://www.clsconsultingllc.com)).

Clearstead is structured to put client's interests first. The firm makes every effort to remove or mitigate any conflicts of interest and is dedicated to serving client interests with the highest standards of fiduciary and professional conduct. Clearstead is independent and believes this is central to providing objective and high-quality advice to its clients. To back up its commitment to clients, the firm has adopted a Conflicts of Interest Policy and Standards of Conduct.

Clearstead has worked successfully for many years with diverse clients, providing advice on investment policy, asset allocation, manager selection and other related financial issues. Its advisors have deep professional and personal experience in institutional consulting, investment research and wealth management. We have a strong leadership team supported by an outstanding Board of Directors, all of whom are leaders in their fields.

Clearstead believes that the disciplines it has developed for the institutional marketplace - portfolio analytics, manager research, aggregation of information and clear reporting - are applicable and valuable to families and individuals as well.

### **SERVICES PROVIDED**

This Part 2A of Form ADV describes services provided to Clearstead private clients. A separate Part 2A of Form ADV describes services provided to institutional clients.

The advisory services that Clearstead offers to its private clients (families, individuals, and estates) may include all or some of the following services: investment management, financial consulting, tax planning and compliance, and family office administration. Clearstead's services are tailored to the unique needs and desires of its clients. Clearstead has specialists in each of the services that it offers.

#### **Investment Management**

Clearstead provides continuous advice regarding the investment of client funds based on the individual needs of the client. Through personal discussions with the client, goals and objectives are established and an investment policy is created to manage the client's portfolio. During the data-gathering process, Clearstead determines the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, Clearstead also reviews and discusses a client's prior investment history, as well as family composition and background.

Clearstead works with each client to establish targeted ranges among asset classes based on the client profile. Clearstead aggregates each client's investment accounts and assets (marketable and non-marketable) into a

comprehensive asset allocation. Clearstead prefers to manage all or a majority of a client's assets, but are also comfortable complimenting accounts or investments managed by others.

Clearstead manages its client's advisory accounts on a discretionary or non-discretionary basis, according to each client's advisory agreement. Account supervision is guided by the client's objectives (i.e. balanced, capital preservation, growth, income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Clearstead's investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally utilize institutional class mutual funds, exchange-traded funds (ETFs), separately managed accounts and alternative investments, such as hedge-funds and private equity, where appropriate.

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with the client's investment objectives, tolerance for risk, liquidity and suitability.

Clearstead performs regular rebalancing to maintain a portfolio's risk profile, respond to market dynamics and changing client circumstances, while also considering other factors such as tax-efficiency and financial planning.

### **Retirement Planning**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code (IRC), as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### **Financial Planning**

Financial consulting is the ongoing management of an individual's financial resources. Clearstead works with its clients to build a comprehensive plan that is consistent with an individual's resources, needs, and goals. As the "quarterback" of the financial planning process, Clearstead acts as a facilitator to help clients explore options, evaluate the advantages and disadvantages, and make an informed decision that is fully integrated with their plan. Clearstead's services include gathering client data to define the client's goals, needs and priorities; constructing personal financial statements (e.g., net worth); analyzing and evaluating client's financial status (cash flow, estate plan, insurance coverage, long-term projection); identifying appropriate techniques for achieving client objectives; coordinating internal and external resources to implement financial planning recommendations; monitoring objectives and changes in circumstances.

### **Tax Planning and Compliance**

The tax process is a core service to Clearstead's clients and helps minimize tax liabilities. Clearstead projects taxable income to assure that all tax savings opportunities are captured. In addition, Clearstead focuses on translating "tax talk" into simple understandable language. In this way, Clearstead is able to provide the best tax planning approach for each client it serves. Clearstead's services include tax compliance filings; quarterly tax analysis; tax planning; review of tax law changes and updates; tax notices and audits.

## **Family Office Services**

Clearstead's Family Office Administration offers sophisticated financial management and a broad menu of high-touch services to the affluent markets. The level of attention offered to families through such services as intergenerational counseling or development of family mission statements has become the hallmark of Family Office Administration services. Clearstead's services include family legacy preservation (i.e., preserving the family business or family wealth from generation to generation); soft services (e.g., bookkeeping, bill paying, family governance and succession planning); entity administration (e.g., partnership accounting; trust management; foundation management); tax compliance (e.g., preparation and planning for trusts, partnerships, foundations and corporate tax returns).

## **OTHER BUSINESS ACTIVITIES**

### **ClearAccess Platform**

ClearAccess is a platform created to simplify investing in illiquid alternatives by combining years of experience, access to high-quality managers, and a streamlined process to access private investments. Initial and future recommendations are covered by one set of subscription documents and ClearAccess also consolidates accounting for capital calls, distributions, statements, performance, and tax information. In addition to the benefits above, ClearAccess provides a platform with typically lower costs to clients compared to investing in other hedge or private equity fund of funds directly. Clearstead accomplishes this by working with a third-party investment manager and administrator (GLASfunds, LLC) whose fees are negotiated by Clearstead. GLASfunds, LLC is an investment advisor registered with the SEC. While Clearstead owns a minority equity stake in GLASfunds, Clients are under no obligation to invest in alternative investments through GLASfunds. Clearstead does not receive any compensation from the underlying alternative managers that it recommends through ClearAccess.

ClearAccess allows clients to invest in alternative managers on an a la carte basis, ClearAccess Balanced Hedge or ClearAccess Private Equity Series. ClearAccess Balanced Hedge is a select group of hedge fund managers and allocations chosen by Clearstead and designed to target an absolute return of cash plus 4-6% over a complete market cycle. ClearAccess Private Equity Series is a select group of private equity funds designed to diversify among stage, geography, size, and sector to generate competitive returns over a full market cycle.

### **Institutional Consulting (Traditional and OCIO Discretionary Services)**

As indicated above, Clearstead also provides both traditional investment consulting services (non-discretionary) and discretionary services to institutional clients (pension, profit sharing and 401(k) plans, endowments, foundations and operating non-profits). Clearstead is capable of accepting fiduciary responsibility under Section 3(21) and as an investment manager under Section 3(38) of ERISA.

Information on services provided to institutional clients is available through a separate Part 2A of Form ADV: Firm Brochure. Please contact Clearstead at 216-621-1090 if you would like a copy of that Form ADV brochure.

### **Trust Administration Services**

Clearstead will work with high-net worth families and family offices to review estate planning documents and consider options for implementing a private family trust company. Clearstead will also provide ongoing trust administration services.

## **Executive Financial Services**

Clearstead offers comprehensive and tailored financial wealth services to organization's executive leadership. Our offering, which incorporates the rigor of our institutional investment consulting practice with the deep tax and planning resources of our private client advisory practice, is designed specifically around an organization's benefits, retirement plans, and incentives. We work with an organization to design a benefit for the executive leadership to provide financial resources and incentives for them to engage with Clearstead and benefit from the fully integrated tax, planning and investment capabilities of our Private Client Group.

## **Sub-Advisor Investment Management**

Clearstead offers discretionary sub-advisory investment management services to the individual clients of unaffiliated advisors. Under this service, the unaffiliated advisor will act as the primary advisor and fiduciary with the option to provide investment management services to its individual clients directly or engage with Clearstead as a sub-advisor to provide discretionary investment management and trade execution services. When Clearstead acts as a sub-advisor with discretionary investment services, Clearstead will use model strategies with different purposes and risk levels. The unaffiliated advisor will be responsible for reviewing the model strategies with their individual clients and selecting the model strategy that is most appropriate. If the unaffiliated advisor selects Clearstead for sub-advisor investment management services, the unaffiliated advisor will sign a Clearstead sub-advisor client management agreement for each of their clients to document the engagement, model strategy, and any reasonable restrictions. The model strategies can be allocated on an account-by-account basis or across multiple accounts. Clearstead may also provide general economic information or due diligence for the investment managers that are used in its models, which can be used by the unaffiliated advisor with its clients.

The unaffiliated advisor is responsible for establishing its own custody relationship, whereas Clearstead will be an approved sub-advisor and have access to the unaffiliated advisor's client's accounts for trade execution purposes only. Furthermore, the unaffiliated advisor is responsible for negotiating all trading/transaction/custody fees that its clients will be responsible for paying while engaged with Clearstead for sub-advisor investment management services.

Clearstead also acts as a sub-advisor to advisors and their funds, whereas the primary advisor may delegate some or all of its services to Clearstead. The delegated services could include maintaining models (or series), discretionary investment services, investment manager sourcing, and ongoing investment manager due-diligence.

## **Investment Research and Due-Diligence**

Clearstead has engaged with unaffiliated firms to provide investment research and due diligence on investment managers. Under this type of Service Agreement Clearstead provides proprietary research on mutually agreeable investment managers that Clearstead may or may not recommend to its own clients. Furthermore, clients are provided the opportunity to white label the research reports under their own name.

## **Other**

Clearstead does not provide brokerage or custodial services, nor is it affiliated with any brokerage firm, bank, or have any proprietary funds.

## **MISCELLANEOUS**

***Non-Investment Consulting (Financial Planning) Limitations:*** Clearstead does not serve as an attorney or insurance agency, and no portion of our services should be construed as such. Accordingly, Clearstead does not prepare estate planning documents or sell insurance products. To the extent these services are requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e.

attorneys, insurance, accountants, etc). Clients are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation that we make.

If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, insurance agent, accountants, etc.), and not Clearstead, shall be responsible for the quality and competency of the services provided.

It remains the client's responsibility to promptly notify Clearstead if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Clearstead's previous recommendations and/or services.

**Non-Discretionary Service Limitations:** Clients that engage with Clearstead on a nondiscretionary investment advisory basis must be willing to accept that Clearstead cannot affect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that Clearstead would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Clearstead will be unable to affect the account transaction(s) without first obtaining the client's consent.

**Retirement Rollovers - No Obligation/Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Clearstead recommends that a client roll over their retirement plan assets into an account to be managed by Clearstead, such a recommendation creates a conflict of interest if Clearstead will earn new (or increase its current) compensation (advisory fee) as a result of the rollover. No client is under any obligation to rollover retirement plan assets to an account managed by Clearstead.

**Unaffiliated Private Investment Funds:** Clearstead may recommend that certain qualified clients consider an investment in private investment funds. Typically these investments are made through the ClearAccess platform. Clearstead's clients are under absolutely no obligation to consider or make an investment in a private investment recommendation.

Private investment funds generally involve risk, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a subscription agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment. If a client engages with Clearstead under an assets under management based advisory fee, Clearstead typically includes the value of private fund investments that it recommends. The value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

**Non-Managed Accounts:** Clearstead may provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Clearstead ("Non-Managed Assets"). The client and/or their other advisors that maintain trading authority, and not Clearstead shall be exclusively responsible for the investment performance of the Non-Managed Assets. Unless otherwise specifically agreed to, in writing, Clearstead's service relative to the Non-Managed Assets is limited to



reporting only. Exception to the above shall be if a client asks Clearstead to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Clearstead does not maintain any trading authority for the Non-Managed Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Non-Managed Assets. If Clearstead is asked to make a recommendation as to any Advised Assets, the client is under absolutely no obligation to accept the recommendation, and Clearstead shall not be responsible for any implementation error (timing, trading, etc.) relative to the Non-Managed Assets. In the event the client desires that Clearstead provide investment management services for the Non-Managed Assets, the client may engage Clearstead to do so.

**Portfolio Activity:** Clearstead has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Clearstead will review client portfolios on an ongoing basis to determine if any changes are necessary due to market or economic conditions, if investments have fallen outside of prescribed ranges and/or a change in the client's investment objectives. Based upon these factors, there may be extended periods of time when Clearstead determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Clearstead will be profitable or meet any performance expectations.

**Cash Positions:** Clearstead may maintain cash and cash equivalent positions (such as money market funds) for defensive and liquidity purposes. Unless otherwise agreed in writing, all cash and cash equivalent positions will be included as part of assets under management based advisory fees.

**Client Obligations:** In performing our services, Clearstead shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify us if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our previous recommendations and/or services.

**Disclosure Statement:** A copy of Clearstead's written disclosure statement as set forth in this Form ADV Part 2A shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement. In addition, from time to time, Adviser may be required to deliver certain documents to the client. Client, to the extent that client has email capability and/or web access, hereby consents to the Adviser's use of electronic means, such as email, to make delivery of required and other documents. This delivery may include notification of the availability of such document(s) on a website, and client agrees that such notification will constitute "delivery." In conjunction with the investment advisory agreement, the client agrees to provide Clearstead with the client's email address and to keep this information current at all times by promptly notifying Clearstead of any change in email address.

## **AMOUNT OF ASSETS UNDER ADVISEMENT & MANAGEMENT**

As of 12/31/2022, total institutional and private client assets under advisement were approximately \$26.6 billion, which includes assets under management. Total institutional and private client assets under management were \$10,227,847,468 (\$6,789,154,187 discretionary and \$3,438,693,281 non-discretionary). Of the approximate \$10.2 billion assets under management \$5.2 billion were with institutional clients and \$5.0 billion were with private clients.

## **Item 5 Fees and Compensation**

Clearstead provides various options for clients to pay its advisory fees. Clearstead's advisory fees can be calculated based upon a percentage of assets under management at a fixed rate or tiered basis or a fixed annual retainer. Clearstead's advisory fee is negotiable and varies based on the circumstances of each client, including, but not limited to the size, complexity, degree of custom work, time requirements, number of entities and family members, travel

required, and services provided to the client. Client's assets under management or fixed annual retainer may include some or all services or may be broken out by service.

**Investment Advisory Fees:**

Most clients that have an investment advisory fee based on assets under management will have an annual fee between 0.10% and 1.00%. Clients that pay a flat annual retainer could have fees higher than the range listed above, if calculated as an asset-based fee. Investment advisory fee may include financial planning and/or tax Planning fees.

**Financial Planning Advisory Fees:**

Most clients have a separate fixed flat retainer fee for financial planning that is customized to each client situation with the minimum fee typically starting at \$5,000. The financial planning fee can be included in either the investment and/or tax planning fee or could be broken out separately.

**Tax Planning Advisory Fees:**

Most clients have a separate fixed flat retainer fee for tax planning that is customized to each client situation, based on the number of returns and estimated hours to complete work. The tax planning fee can be included in the investment and/or financial planning fee or could be broken out separately.

**Family Office Services Fees:**

Most clients have a separate fixed flat retainer fee for Family Office Services that is customized to each client situation, based on the types of services provided and estimated hours to complete work. The family office services fee can be included in the investment, financial planning and/or tax planning fee or could be broken out separately.

**Trust Administration Services Fees:**

Most clients will be charged an hourly fee or separate fixed flat retainer fee for Trust Administration Services that is customized to each client situation, based on the types of services provided and estimated hours to complete work.

Clearstead private client advisory fees are typically billed quarterly in advance at the beginning of each quarter. Assets under management-based fees are calculated at the beginning of each calendar quarter, using the most recent quarter-end market value for the liquid assets held in Client accounts under Clearstead's management. However, Clearstead will use the PRIOR quarter-end market value for the illiquid alternative investments held by Client under Clearstead's management. For example, the second quarter billing (4/1 thru 6/30) will use the MOST RECENT quarter-end market values as of 3/31 for liquid assets held in Client's accounts under Clearstead's management. For illiquid alternative investments under Clearstead's management, Clearstead will use the PRIOR quarter-end market value as of 12/31. In rare cases Clearstead will use the most recent market value, depending on the availability of the data. All questions regarding Clearstead's fee or what assets or accounts are subject to billing should be directed to their Clearstead adviser.

A client may elect to have Clearstead's advisory fees withdrawn directly from the client's account or be invoiced directly. Fees may be collected from one or more related accounts identified as related accounts by the client, provided that Clearstead retains the sole discretion to determine whether or not accounts are related accounts.

Clients may, if they request, hold assets in their custodian accounts that Clearstead does not manage. These assets are typically referred to as Non-Managed, Reported Only or Special Holdings. A fee may or may not be taken by Clearstead with respect to these assets and accounts.

From time-to-time Clearstead will have a retainer-based or project-based fee with a client. These rates are set by the size, scope and complexity of the engagement. However, in all cases, Clearstead's only source of revenue is the fees paid by clients.

When calculating a retainer-based fee the process begins by meeting with prospective clients to review their financial data and identify the types of services that they would benefit from. Clearstead reviews the client's financial assets,

scope of services and estimated time into a billing matrix to determine a proposed fee. Examples of the variables that determine the fee for each department are as follows:

Investment Management: scope of relationship, service level (number of client meetings per year), complexity of assets, types of assets, types of accounts, amount of Clearstead managed assets versus non-Clearstead managed assets

Financial Planning: scope of relationship, service level (number of client meetings per year), complexity of estate, financial planning objectives

Tax Planning and Compliance: scope of relationship, service level (number of client meetings per year), types of tax returns, complexity of returns, number of tax payment estimates

Family Office Services: scope of relationship, service level (number of client meetings per year), types of tax returns, complexity of returns, number of tax payment estimates, reporting responsibilities, other unique client services.

Before finalizing the fee Clearstead will meet with the potential client to discuss the proposed services and fees and negotiate the final fee.

Certain investment adviser representatives and employees of Clearstead maintain licenses with various life insurance companies. In providing advisory services, these individuals may recommend the purchase of products under circumstances where they would be entitled to receive a commission or other compensation in the transaction. In all such circumstances, however, the client will be notified of this payment in advance of the transaction, and under no circumstances will the client pay both a commission to these individuals and a management fee to Clearstead on the same pool of assets.

### **Billing on Margin**

Certain clients of Clearstead receive additional services from Clearstead personnel regarding their margin account with their custodian. Clients receiving these services will often be charged an asset-based advisory fee on the gross market value of the account(s), which means that an account(s) margin balance is included in the quarter-end billed market value. If Clearstead uses the gross market value (including margin balance) when calculating the asset-based advisory fee, it will be disclosed and agreed upon in the client's advisory agreement. Clients should note that this practice will increase total assets under management used to calculate advisory fee, which will increase the amount of fees collected by Clearstead. Clearstead recommends that clients review any margin balance(s) regularly through their custodian and discuss the most appropriate use with a Clearstead advisor.

### **Sub-Advisor Investment Management**

Where Clearstead serves as a sub-advisor, the primary advisor will deduct Clearstead's annual AUM-based fee from their client's account(s) on a monthly or quarterly basis, billed in advance or arrears, using the most recent month-end or quarter-end account value(s). Clearstead's sub-advisory fee could also be based on a negotiated retainer. The only fee that Clearstead will receive from a client of the primary advisor that engages with Clearstead for sub-advisor investment management services is an advisory fee, according to the terms of the sub-advisor agreement.

### **ClearAccess Platform**

Clearstead clients that invest in alternative investment managers on the ClearAccess platform can invest directly with the investment manager, if eligible, or through a third-party aggregator (GLASfunds, LLC), which Clearstead owns a minority equity stake. Clients are under no obligation to use GLASfunds, LLC to invest in alternative funds.

### **Institutional Consulting**

Please see fees in separate Part 2A disclosure

## Executive Financial Services

Most clients have a separate fixed flat retainer fee for financial services that is customized to each client situation and the investment, financial planning and/or tax planning services provided. Clearstead will typically charge a one-time fee to conduct an initial financial analysis, according to a limited-scope agreement. If the executive decides to engage Clearstead for ongoing services an advisory fee will be negotiated, which could be subject to a minimum fee. Also, the initial limited-scope fee will be deducted from the clients first-year advisory fee.

**Limited Negotiability of Advisory Fees:** Although Clearstead has established the aforementioned fees, Clearstead retains the discretion to negotiate alternative fees on a client-by-client basis. **Client facts, circumstances and needs are considered in determining the fee schedule, which means that a client's advisory fee may be greater or less than the fees described above.** These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, discretionary or non-discretionary authority, among other factors. The specific annual fee schedule is identified in the agreement between Clearstead and each client. All fees are agreed upon prior to entering into a contract with any client.

## GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice, unless different termination terms have been agreed to according to a client's advisory agreement.

**Mutual Fund Fees:** All fees paid to Clearstead for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without Clearstead's services. In that case, the client would not receive the services provided by Clearstead which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and Clearstead's fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Sub-Advisor Managed Account Fees:** Clearstead may recommend sub-advisors to Clients to as part of their investment portfolio. Clients engaged with sub-advisors will be charged an advisory fee by the unaffiliated sub-advisor in addition to the advisory fee charged by Clearstead.

**ClearAccess Fees:** All fees paid to Clearstead for investment advisory services are separate and distinct from the fees and expenses charged by ClearAccess alternative managers and the third-party administrator (GLASfunds). The alternative manager and (GLASfunds) fees and expenses are described in fund offering documents. These fees will generally include a management fee and can include a performance fee, where applicable.

Clients investing in alternative investments (hedge and private equity funds) through the ClearAccess platform, will also be charged by the platform's third-party investment manager and administrator (GLASfunds) at a negotiated rate based on invested market value. Clients of unaffiliated third-party advisors that invest in ClearAccess managers through GLASfunds will pay a portion of the asset-based fee charged by GLASfunds to Clearstead.

If a client terminates advisory services with Clearstead and remains on the platform administered by GLASfunds, the client will be responsible for all fees associated with remaining on the platform, which could be materially higher than the negotiated fees listed above.

**Wrap Account Fee Programs:** Clearstead does not participate in or recommend wrap accounts to clients, but at the client's request, will evaluate and report on outside wrap accounts that may be held by the client.

**Additional Fees and Expenses:** In addition to Clearstead's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an underlying investment manager effects transactions for the client's account(s). Some institutional clients are invoiced a one-time custodian validation-communication charge with a subsequent electronic communication yearly fee, per account. If Clearstead imposes these charges, it will be communicated with the client at the inception of the relationship. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**ERISA Accounts:** Clearstead is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, Clearstead is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Clearstead's only source of fees is from client advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances does Clearstead require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Clearstead does not charge or receive any performance-based fees.

## **Item 7      Types of Clients**

Clearstead provides advisory services to the following types of clients:

- Private clients (families, individuals and related entities)
- Corporate, Private and Public Employee retirement funds (Pension and Savings plans)
- Endowments and Foundations
- Operating funds for non-profit and for profit organizations, healthcare organizations and insurance companies
- Sub-advisor investment management services
- Unaffiliated registered investment advisors
- Investment Research and Due-Diligence

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

### **INVESTMENT PHILOSOPHY**

Investment philosophy – We seek to meet our clients' investment objectives after inflation and fees, with an emphasis on assessing and controlling risk. Once that is addressed, we seek superior returns relative to client-specific and market-based benchmarks. Aligning the strategy with client priorities – time horizon, spending needs, legal constraints, personal beliefs, and culture – is central to optimal returns.

We believe broad diversification reduces portfolio volatility and is a larger determinant of expected returns than individual security selection. This is achieved by allocating investments among various asset classes (fixed income, equity, and alternatives), prudently using passive strategies, and skillfully using active strategies of marketable and alternative assets.

Clearstead is an independent firm and objective in its process to select strategies for marketable and alternative assets.

## **CLIENT INVESTMENT POLICY**

Clearstead typically manages private client investment assets in a discretionary or non-discretionary manner, per the client's advisory agreement. Clearstead does this by building an asset allocation tailored to each individual client that incorporates the client's specific circumstances.

Clearstead's optimal long-term asset allocation must be filtered through the specific circumstances and needs of individual clients. This is accomplished by developing a profile of the client's unique circumstances (e.g., risk profile, investment objectives, special considerations, cash flow, financial plan, tax considerations, etc...), documented in Clearstead's portfolio management system. Whatever the specific needs of clients, it is essential that Clearstead first establish its best thinking and then apply it individually to clients.

## **STRATEGIC ASSET ALLOCATION**

Clearstead's asset allocation process is customized for its clients based on their specific objectives and risk tolerance. As mentioned earlier, Clearstead's process includes collecting key data from its clients (e.g. risk profile, investment objectives, special considerations, cash flow, financial plan and tax considerations, among others). Once Clearstead has the necessary information, it builds an asset allocation model for the client. The goal is to create a portfolio that is built to achieve a specific absolute return objective over time while controlling volatility and downside risk.

## **REBALANCING AND TACTICAL ASSET ALLOCATION**

Once the portfolio is established, we typically rebalance for three reasons: 1) when we believe tactical changes should be made because of market or economic conditions, 2) when particular investments have fallen outside of prescribed ranges, or 3) if there is a change in a client's financial situation.

The Clearstead private client side of the business leverages the Clearstead research staff and Investment Review Committee (IRC) to review macro and micro-economic themes and the appropriateness of the investment managers (primarily mutual funds and ETFs) on the approved funds list.

Clearstead generally recommends a diversified portfolio of mutual funds and ETFs instead of individual securities in client accounts. However, for clients that are interested in individual stocks, Clearstead is engaged with a third-party research service for monitoring and providing recommendations regarding individual stock and bond holdings in client's accounts, especially when legacy securities have a low-cost basis or are restricted in nature. Furthermore, when a client directs Clearstead to hold individual stocks, it has developed a recommended model to facilitate the monitoring process in a responsible manner. Clearstead pays the third-party directly for the research service. As it relates to alternative investments, Clearstead private clients are able to leverage the resources of Clearstead and institutional clients. This gives Clearstead the ability to recommend the purchase of alternative investments (e.g., private equity, hedge funds, etc.) to its clients that have the wherewithal and interest. Also, due to the high-net-worth profile of Clearstead's clients, it is common that clients will already have alternative investments in their portfolios and bring new opportunities to Clearstead's attention. In this case, Clearstead's role is typically to review the merits of the investment and discussing its appropriate allocation as it relates to the client's overall portfolio.

Clearstead's approved funds list is comprised primarily of open-end mutual funds and ETFs, often referred to together as "funds." Many factors can affect the performance of the funds. The funds' share prices can change daily based on changes in market conditions and interest rates and in response to other economic, political, or financial developments. The funds' reaction to these developments will be affected by the types of securities in which the funds invest, the financial condition, industry and economic sector, and geographic location of an issuer, and the funds' level of investment in the underlying securities.

All investments involve risks, and there can be no guarantee against loss resulting from an investment in any of the securities on the approved funds list, nor can there be any assurance that client's investment objective(s) will be attained. Past performance is not an indicator of future results.

## ADDITIONAL INVESTMENT STRATEGIES

In some cases, Clearstead may recommend the following strategies to clients:

**Option writing.** Clearstead may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the right to buy an asset at a certain price within a specific period of time. Calls could be purchased if it is likely that the price of the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts could be purchased if it is likely that the price of the stock will fall before the option expires.

Clearstead recommends options in certain situations when it believes there is the possibility of a sharp price swing. Clearstead also uses options to "hedge" a purchase of the underlying security; in other words, Clearstead uses an option purchase to limit the potential upside or downside of a security purchased in a client portfolio.

Clearstead may use "covered calls," in which an option is sold on a client's security position. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

Clearstead may use a "spreading strategy," in which two or more option contracts (for example, a call option to buy and a call option to sell) are purchased for the same underlying security. This effectively puts the client on both sides of the market, but with the ability to vary price, time, and other factors.

## INVESTMENT MANAGER EVALUATION

Clearstead maintains a dedicated investment research department who is responsible for monitoring investment managers. The research effort at Clearstead is coordinated by the Director of Research and dedicated analysts. The team members have assigned coverage areas, tracking domestic equity, international equity, alternative strategies, and fixed income. The Investment Review Committee is responsible for establishing consensus firm-wide views on investment managers and facilitating global macroeconomic discussion among Clearstead's investment professionals. Clearstead's research department is primarily responsible for ongoing manager research and due diligence, manager searches, and quarterly macroeconomic and capital market reviews.

We identify investment managers using a variety of sources, including screening of databases, industry conferences, or references from clients or existing managers. We then evaluate managers using our research principles and conduct a detailed analysis on those that fit our desired criteria.

Manager data is collected by our research team, which interacts directly with investment managers. Data is sent directly to our research professionals and is then entered into our database. We keep extensive files on our clients' managers and utilize the data we collect as part of our due diligence process.

We periodically send out questionnaires to our managers to obtain timely and accurate data. Clearstead meets with all of a client's investment managers and all managers recommended to our clients, both in our office and also at the managers' offices. Managers are monitored on a daily, weekly, and quarterly basis.

Underlying Clearstead's research is Clearstead's independence, ensuring that clients are receiving advice that is objective.

## MANAGER SELECTION PROCESS

Clearstead's due diligence process includes reviewing and understanding each manager through Clearstead's Research Principles filter:

- **Parent** – The beliefs, values and behaviors that differentiate one organization from another that will produce the results that are best for our clients.
- **People** – Successful firms create an environment where talented professionals can achieve results that are good for the client, the firm and themselves.
- **Process** – A disciplined, enduring investment process that can be repeated by successive generations and raises confidence in the expected returns.
- **Portfolio** – Strong portfolios are constructed, managed and reviewed in a manner that is consistent with the highest fiduciary standards.
- **Principles** – Incorporating the principles of responsible investing into portfolio decisions may better align the client with the broader objectives of society.
- **Performance** – Investment results reflect a firm's ability to help its clients meet their long-term objectives.

## MAIN SOURCE OF INFORMATION

Sources of information include database information on investment management organizations, investment vehicles and individual securities. Clearstead has developed an internal investment manager database to review, track and rank managers. Qualitative and quantitative information on investment managers comes from Clearstead research analysts. Content is also provided from outside data providers. The external data providers include Morningstar, eVestment, and Bloomberg.

## RISK OF LOSS

Clearstead recommends a variety of securities; however, our primary recommendations include mutual funds, ETFs, separately managed investment managers, commingled funds and alternative investments (liquid and illiquid). All securities that Clearstead recommends are subject to general market risk and clients should understand that investing involves risk of loss that clients should be prepared to bear, including the risk that the entire amount invested could be lost. Our investment approach seeks to minimize risks, but below is a summary of potential material risks for the types of investments that Clearstead uses to manage client portfolios. The risks of loss described below should not be considered a complete list of all the risks that clients should consider.

**Management Risk:** Clearstead's judgement about the attractiveness of investment managers could be incorrect. There is no guarantee that the securities, investment strategies, or investment managers recommended for client's accounts will perform as anticipated.

**Allocation Risk:** Although Clearstead seeks to recommend an optimal asset allocation among different asset categories and strategies to limit risk, a client's portfolio could have exposure to an asset category, strategy, or investment manager that performs poorly relative to other asset categories, strategies, or investment managers.

**Investment Manager:** Clients should carefully consider the investment objectives, risks, and expenses associated with the investment managers and vehicles (mutual funds, ETFs, pooled investments, separate account managers) that Clearstead recommends. Although Clearstead seeks to be transparent and explain information about the investment managers it recommends, clients are encouraged to review this information on their own.

**Equity Securities Risk:** Equity securities (common, convertible and preferred) could decline in value if issuer's financial condition declines or in response to overall market and economic conditions. A security or fund's market segment (large cap, mid cap, small cap, growth, or value) may perform differently from other market segments or the equity markets as a whole. Investing in small-cap or mid-cap securities or funds may have greater risk and price volatility than large-cap securities or funds.



**Non-US Investments Risk:** Investing in securities outside the US (foreign) involve risks not typically associated with US investments. Some of these risks include political, economic, legal, currency, accounting, and tax, which can cause greater risk and price volatility. More established non-US markets (developed) may have governments that are more stable compared to emerging markets which can have governments and economies that are less stable and have less liquidity.

**Alternative Investments Risk:** Alternative investments including private equity, private real estate, venture capital, and hedge funds are subject to legal or other restrictions on liquidity that do not exist for other publicly traded (liquid) investments. Investors in alternatives (including client investing through the ClearAccess platform) may not be able to sell when desired or to realize anticipated or reported value when sold. Also, the calculation of fair market value of alternatives can be difficult or delayed and alternatives typically have fees that are higher compared to publicly traded securities.

**Interest Rate Risk:** As nominal interest rates change, the value of fixed income securities (bonds) is likely to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, and their market values likely will decline.

**Credit Risk:** Generally, the lower the credit rating of a fixed income security, the greater the risk that the issuer will default on its obligation. If this were to occur, it is likely that the value of the fixed income security may fall in value.

**Issuer Risk:** The value of a fixed income security could fluctuate due to a number of factors related to its industry or economics sector. For example, municipal securities could fluctuate due to adverse political, legislative, and tax law changes. Also, Government sponsored entities, such as Freddie Mac or Fannie Mae, are not issued or guaranteed by the US government. There may be times when these risks could cause reduced market liquidity and a decreased in the value of the securities.

**General Market Risk:** Risks such as political, economic, and social conditions could cause volatility in financial markets and cause the price of a security, bond, or mutual fund to drop in reaction to tangible and intangible events and conditions.

**Inflation Risk:** Also called purchasing power risk when inflation is present a dollar today will not buy as much as a dollar in the future because purchasing power and potentially performance is eroding at the rate of inflation.

**Liquidity Risk:** Liquidity is the ability to readily convert a security into cash. Generally, the price of a security is affected by the size of the security or issuer and the trading demand. If there is limited trading interest or more investors are trading a certain direction the price of the security could fluctuate.

**Derivatives Risk:** Clients or investment managers may use derivatives such as options, swaps, futures contracts, forward agreements, and other derivative contracts. Derivatives could cause risks due to leverage, volatility, default, and illiquidity and cause a significant difference between the change in market value of a security and the prices of the derivatives.

**Data Source Risk:** Clearstead uses third-party data sources for security valuations, research, and performance. If the information Clearstead receives from a third-party is incorrect, the results that Clearstead reports could be inaccurate. Clearstead has found that the data it receives from third-parties has been reliable; however, Clearstead makes no guarantee that the data received from third-parties is accurate.

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

Clearstead is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

Clearstead and its employees have no reportable disciplinary events to disclose.

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

Clearstead is partially owned by Flexpoint Ford which could have a controlling interest in certain other regulated entities. Clearstead does not have any interest in any of these other entities and is not aware whether any of its clients are also clients of the regulated entities owned by Flexpoint Ford.

Clearstead owns a minority equity stake in a third-party alternative investment platform, GLASfunds, LLC, which Clearstead will selectively recommend to clients for investing in alternative managers on the ClearAccess platform. Clients have no obligation to invest in alternative investments or to use GLASfunds, LLC.

On July 1, 2021, Clearstead Trust, LLC ("Clearstead Trust") was established as a wholly owned subsidiary of Clearstead Advisors, LLC. As a separate legal entity, Clearstead Trust provides bespoke trust services to its clients including corporate trustee and relates services. Clearstead Trust is regulated by the Maine Bureau of Financial Institutions, and clients of Clearstead Advisors will have the ability to use Clearstead Trust for services, though Clients are under no obligation to do so. Select employees of Clearstead Advisors will serve as officers and directors of Clearstead Trust and perform specific services for the company.

Effective February 28, 2023, Clearstead acquired Avalon Trust, LLC ("Avalon Trust") as a wholly owned subsidiary of Clearstead Advisors, LLC. As a separate legal entity, Avalon Trust provides bespoke trust services to its clients including corporate trustee and relates services. Avalon Trust is regulated by the Financial Institutions Division of the New Mexico Regulation & Licensing Department, and clients of Clearstead Advisors will have the ability to use Avalon Trust for services, though Clients are under no obligation to do so. Select employees of Clearstead Advisors will serve as officers and directors of Avalon Trust and perform specific services for the company.

Effective March 23, 2023, Clearstead acquired the clients of CLS Consulting, LLC ("CLS"). Although trust administration services will be conducted under Clearstead Advisors, Clearstead will continue to maintain the CLS website ([www.clsconsultingllc.com](http://www.clsconsultingllc.com)).

As indicated above, certain investment adviser representatives and employees of Clearstead maintain licenses with life insurance companies. These individuals will recommend the purchase of products under circumstances where they would be entitled to receive a commission or other compensation in the transaction. In all such circumstances, however, the client will be notified of this payment in advance of the transaction, and under no circumstances will the client pay both a commission to these individuals and a management fee to Clearstead on the same pool of assets. Please note, clients are under no obligation to purchase any of the recommended life insurance products.

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

Clearstead has adopted a Code of Ethics which sets forth high ethical standards of business conduct that it requires of its employees, including compliance with applicable federal securities laws.

Clearstead and its personnel owe a duty of care and a duty of loyalty towards its clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Clearstead's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by all employees.

Other procedures regarding potential conflicts of interest addressed by the firm's Code of Ethics include:

- The Firm prohibits the use of material non-public information. While Clearstead does not believe that it has any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.
- Typically gifts of a nominal value may be offered or received. Gifts in excess of \$250, whether individual or in aggregate must be pre-cleared and pre-approved by the CCO.
- Clearstead's political contributions policy, which aims to ensure compliance with SEC Rule 206(4), places significant restrictions on the ability of the Firm's personnel to make political contributions. Any outside business activity involving a non-affiliated company must be pre-approved so that the Firm can ensure any conflicts of interest in such activities are properly identified and addressed.

Clearstead's Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of its clients, and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Clearstead personnel have the ability to buy or sell for their personal account's securities identical to or different from those recommended to our clients. In addition, a certain security or securities may also be recommended to a client even when a related person has an interest or position in the same security or securities.

Before an employee purchases an individual stock or bond, pre-clearance must be attained from the Chief Compliance Officer ("CCO"). The CCO maintains a restricted securities list to ensure that employees do not purchase a security where its clients would have inside information. If an employee would like to purchase a "restricted" security, Clearstead prefers such activity during the "open window" period. In any case, where an employee feels that there may be an actual or perceived breach of these policies, he/she is required to review the situation with the CCO immediately.

As part of the Firm's fiduciary duty, Clearstead's personnel will devote to its clients as much time as necessary to appropriately deliver its advisory services. Nonetheless, Clearstead personnel are not restricted from engaging in other business activities, including service on the boards of other investment-related entities (that are recommended for certain client accounts) or in other investment-related positions. Such activities could be viewed as creating a conflict of interest.

A copy of Clearstead's Code of Ethics is available to clients and prospective clients. You may request a copy by email sent to [swolken@Clearstead.com](mailto:swolken@Clearstead.com) or by calling Clearstead at 216-621-1090

## ***Item 12 Brokerage Practices***

Clearstead does not provide brokerage or custodial services, nor is it affiliated with any brokerage firm, bank, or have any proprietary funds. The only fees that Clearstead receives are from client advisory fees and fees for sub-advisory services.

Clearstead is not a qualified custodian and does not maintain custody of client funds and securities. Clients' assets are maintained at qualified custodians, generally a broker-dealer or bank. Clearstead provides its clients the ability to select a custodian of their choice; however, Clearstead recommends that private client accounts managed by Clearstead be custodied at Fidelity and/or Schwab, Clearstead's preferred custodians. Clearstead has selected Fidelity and Schwab as the most advantageous based on the cost and quality of its services. Clearstead evaluates the cost and services that Fidelity and Schwab provide to its clients on an ongoing basis to ensure that they are advantageous.

Fidelity and Schwab provide Clearstead and its clients with access to its institutional brokerage services, such as trading, custody, reporting, advisor fee deduction and other related services. By maintaining relationships with Fidelity and Schwab, Clearstead's clients have access to investment products and services that they may not otherwise have access to as "retail" clients. Fidelity and Schwab may provide Clearstead with access to research and other services (i.e. educational conferences, practice management consulting) that assist Clearstead in managing and administering client portfolios.

Clearstead is also approved as a sub-advisor on the TD Ameritrade Institutional platform to provide sub-advisor investment manager services to unaffiliated advisor's clients. TD Ameritrade Institutional, a division of TD Ameritrade, is an independent SEC-registered broker-dealer and qualified custodian. The unaffiliated advisor is responsible for negotiating all trading/transaction/custody fees that its clients will be responsible for paying while engaged with Clearstead for sub-advisor investment management services.

Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor that allows an investment adviser to pay more than the lowest available transaction cost in order to obtain brokerage and research services (commonly referred to as a "soft dollar" arrangement). Clearstead has NOT entered into any formal soft-dollar arrangements or commission-sharing arrangements with any custodian, counterparty or investment manager, and has no intention of doing so. Clearstead does receive economic benefits (e.g. research or services) from custodians, counterparties or investment managers that are generally made available to all institutional clients with which they do business and which Clearstead deems as advantageous to its clients. The economic benefits received by Clearstead do not depend on the amount of brokerage transactions directed to the custodian. Furthermore, Clearstead's receipt of a custodian's general platform services does not diminish Clearstead's duty to act in the best interests of its clients, including to seek best execution or trades for client accounts.

Clearstead requires that clients provide it with written authority to utilize a specific broker-dealer and the corresponding commission costs that will be charged to its clients for transactions.

Clients must indicate any limitations on Clearstead's discretionary authority in writing, which will be recorded in a client's investment policy statement. Clients may change/amend these limitations as required. Such amendments must be provided to Clearstead in writing.

As a matter of policy and practice, Clearstead typically does not block (aggregate) client trades and, therefore, Clearstead implements client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate.

In some instances, Clearstead will need to select a broker-dealer for trade execution in instances when a client's custodian does not have an affiliated broker-dealer. For these clients Clearstead is committed to seeking the best terms reasonably available under the circumstances. In some cases, Fidelity or Schwab may need to use a non-affiliated broker-dealer to execute a trade (also known as a trade-away), which may incur an additional fee (\$10/trade) that the client is obligated to pay. In order to achieve best execution, Clearstead has established certain trading protocols and practices, which are periodically reviewed. While Clearstead is interested in minimizing fees and commissions, the selection of brokers is primarily based on the broker's ability to competitively execute trades. Other factors taken into consideration include but are not limited to the availability of or specialization in particular investment products and execution capabilities based on size of trade, liquidity and market impact. Past experience with the broker is a contributing factor; for example, Clearstead considers the number of failed trades, back-office support, and the broker's knowledge of the products offered.

In some instances, Clearstead recommends sub-advisors to manage our client's accounts for specific purposes (taxable/municipal bonds, equity managers, etc). Clearstead mandates, when possible that sub-advisors use transaction-based pricing through our preferred custodians (Fidelity or Schwab). If a sub-advisor requires transaction-based trading fees they are in addition to the sub-advisor's investment manager fee.

In rare circumstances and where appropriate, Clearstead will direct a “cross trade” of securities (including, without limitation, fixed income securities) between client accounts, whereby Clearstead arranges for one client account to purchase a security directly from another client. In such cases, Clearstead will review the price of the security from independent sources. Clearstead is not a broker-dealer and receives no compensation from a cross trade; however, the broker-dealer facilitating the cross trade will charge administrative fees to the clients’ accounts, if applicable.

Clearstead will direct a cross trade when Clearstead believes that the transaction is in the best interest of the clients, that no client will be disfavored by the transaction, and that the transaction is consistent with Clearstead’s duty to seek best execution.

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

As stated under Item 4, the advisory services that Clearstead offers to its private clients (families, individuals, and estates) may include all or some of the following services: investment management, financial consulting, tax planning and compliance, and family office administration.

***Investment Management:*** For clients engaged with Clearstead for these services, each client and their accounts will be assigned a team including the primary advisor, portfolio manager, in addition to our overall team of individuals that support our private clients. Client’s investment accounts are reviewed by Clearstead personnel on an ongoing basis. Accounts are reviewed in the context of each client’s investment objectives and guidelines. A client’s portfolio is also reviewed in anticipation of substantial contributions or withdrawals, or in response to a client’s changing circumstances. Meetings where the client’s objectives, risk tolerance, and asset allocation are reviewed in depth may occur quarterly, semi-annually or annually depending on the scope of the relationship, client preference, and services with the client.

Client’s portfolios are reviewed by the following investment professionals:

- Carl J. Tippit, CFA, President
- Bradley D. Knapp, CFA, CAIA, Executive Managing Director, Private Client and Trust Services
- Satricia A. Rice, JD, CFA, CIMA, Senior Managing Director, Head of Private Client Group
- Gregory P. Althans, CPA/PFS, CFP, Vice Chairman, Head of Wealth Strategy, Senior Managing Director
- John Marino, CFP, CPA, CLU, Senior Managing Director
- Michael S. Dearden, ATP, Senior Managing Director
- Scott P. Snow, CPA, CFP, CIMA, Senior Managing Director
- James R. Pruce, CFP, CPA, Senior Managing Director
- Tracy A. Jemison, II, Senior Managing Director
- David J. Rubis, CPFA, AIF®, Senior Managing Director
- Eileen M. Burkhart, CFP, AIF, Senior Managing Director
- Gregory Q. Lonczak, CFP, Senior Managing Director
- Theodore J. Robbins, CFP, CPA, Senior Managing Director
- Michael J. Moss, CFP, Senior Managing Director
- James D. Awad, Senior Managing Director
- David A. McClearn, CFA, Senior Managing Director
- Christopher M. Berben, CFP, Director
- Joseph J. Baranek, CFP, Director
- Svetlana M. Loshakov, CFA, Head of Investments, Senior Managing Director
- Aneet P. Deshpande, CFA, Chief Investment Strategist, Senior Managing Director
- Joseph D. Boushelle, CFA, CAIA, Senior Managing Director
- Allen W. Dengler, Director, Head of Portfolio Management
- Andres J. Arsuaga, CFA, Managing Director
- Andrew P. Burger, Director Portfolio Management
- Haley J. Schubert, Director Portfolio Management
- Adam P. Felten, Senior Portfolio Manager

- Michael S. Fedeli, Associate Portfolio Manager
- Sydney P. Van Scoy, Associate Portfolio Manager
- Mitchel H. Green, Director, Institutional Operations
- Steven F. Wolken, IACCP, C.C.O.

Clients receive account statements directly from the account's qualified custodian, at least quarterly, that detail the portfolio holdings and securities transactions made in the account. In addition, Clearstead's investment clients receive periodic consolidated investment reports from Clearstead. These reports include a listing of the clients' holdings, market value, cost basis, and income data. Various other investment reports are produced on an as-needed or as-requested basis. Clients should compare the statements they received from their custodian with the reports provided by Clearstead. A monthly newsletter is also sent to Clearstead's clients unless they choose to opt-out.

**Financial Planning:** For clients engaged with Clearstead for these services, Clearstead produces net worth reports and meets with clients to discuss them on a periodic basis. Clearstead updates client's net worth reports by requesting the current financial information and living expenses from clients. In conjunction with the net worth report, Clearstead utilizes internal checklists to determine if the client's financial statements warrant further review. If further review is necessary, Clearstead creates a long-term cash flow by extrapolating a client's living expenses over a 20-year period to assess financial strength. Clearstead also utilizes internal checklists during the net worth process to identify red flags or life changing events that would trigger a review of a client's current estate plan.

**Tax Planning and Compliance:** For clients engaged with Clearstead for these services, Clearstead completes periodic tax projections depending on the terms of the advisory agreement and or complexity of client's tax situation. Clearstead completes client's tax returns on an annual basis. In addition, Clearstead responds to notices and audits as necessary.

**Family Office Services:** For clients engaged with Clearstead for these services, the primary function of the family office administration department is tax planning and compliance of client's entities and trusts. In addition, Clearstead provides bookkeeping services and maintenance of financial statements (e.g., balance sheets and profit and loss statements) for client's entities and trusts.

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

Clearstead has Promotor ("Solicitor") arrangements with non-supervised persons for client referrals. If a client is introduced to Clearstead by a solicitor, Clearstead may pay that solicitor a referral fee in accordance with the requirements of the Investment Advisers Act and any state securities law regulations. Each arrangement must be in compliance with the Investment Advisers Act of 1940.

For each successful referral that becomes engaged as a Clearstead client, Clearstead will pay to the solicitor a fee that represents a percentage of the advisory fee that Clearstead charges and collects from the client. In all cases, Clearstead requires that potential clients be provided a copy of Clearstead's ADV Part 2A Brochure as well as the terms of the specific referral arrangement. Clearstead's client is not charged the cost of the solicitation. (*i.e.*, Clearstead does not increase its client's fee to cover the solicitor's fee).

We may also compensate our employees, including our portfolio managers, who refer potential clients to us for our services. Thus, the employee will have a financial interest in the selection of Clearstead by the client for advisory services.

## **Item 15      Custody**

Clearstead is not a qualified custodian and does not maintain custody of client funds and securities. However, Clearstead is deemed to have custody of some of its client's accounts due to affiliated employees acting as trustee for client accounts, the processing of third-party checks on the behalf of clients, and its ability to directly access some client accounts to facilitate its comprehensive wealth management (e.g. trading and advisory fee deduction) and other services offered to clients. In order to satisfy the SEC custody rule, Clearstead submits itself to an annual surprise asset verification examination by an independent public accounting firm.

Clients are sent account statements on a quarterly or on a more frequent basis directly from their qualified custodians. In addition, investment clients of Clearstead typically receive quarterly investment reports. Clearstead encourages clients to carefully review and compare Clearstead's reports to their custodial statements and notify Clearstead if any discrepancies are found.

## **Item 16      Investment Discretion**

Clients may hire Clearstead to provide discretionary or non-discretionary asset management services.

Discretionary asset management means that Clearstead can place trades in a private client's account without contacting the client prior to each trade.

Clearstead's discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Private clients give Clearstead discretionary authority when they sign a discretionary advisory agreement with Clearstead and may limit this authority through written instructions. Clients may also change/amend such limitations by once again providing Clearstead with written instructions.

Non-discretionary asset management means that Clearstead provides investment recommendations for a client's portfolio, but Clearstead will not execute any trades in the client's account without the client's consent.

## **Item 17      Voting Client Securities**

As a matter of policy, Clearstead does not vote client securities (i.e., proxies). Clients can choose to receive their proxies or other solicitations directly from their custodian or utilize Clearstead's third-party proxy voting vendor. However, clients can contact Clearstead with questions about a particular proxy matter.

For clients interested in Clearstead coordinating their proxy voting, Clearstead utilizes Institutional Shareholder Services (ISS), which Deutsche Börse AG owns a majority share (approximately 80%), with the remaining stake of the firm owned by Genstar Capital and ISS management. and is a leading provider of corporate governance solutions to the global financial community. This service allows Clearstead to manage client voting restrictions and final vote decisions while outsourcing the processing and management to ISS. ISS receives clients' proxy ballots, works with custodian brokerages and banks, executes votes on clients' behalf, and maintains comprehensive voting records.

## **Item 18      Financial Information**

As an Advisory firm that maintains discretionary authority for client accounts, Clearstead is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Clearstead has no additional financial circumstances to report.

Clearstead does not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, Clearstead is not required to include a financial statement.

Clearstead has not been the subject of a bankruptcy petition at any time during the past ten years.