



180 S. 32<sup>nd</sup> St. West, Suite 1

Billings, MT 59102

Phone: 406-259-4939 Fax: 406-281-8477

Website: [www.cladisadvisory.com](http://www.cladisadvisory.com)

This brochure provides information about the qualifications and business practices of Cladis Investment Advisory, LLC. If you have any questions about the contents of this brochure, please contact us @ 406-259-4939 or via email @ [tracy@cladisadvisory.com](mailto:tracy@cladisadvisory.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.

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

Cladis Investment Advisory, LLC is a Registered Investment Adviser. Registration does not imply a certain level of skill or training.

## **Item 2 Material Changes**

Investment advisers are required to update this brochure when material changes occur and at least annually and, if necessary, deliver a copy of its updated brochure to its clients, free of charge; or prepare and deliver a Summary of Material Changes reporting material changes made to this brochure since the last annual update. An offer to deliver a copy of the updated brochure, free of charge, will also be included in this Summary of Material Changes document. If no material changes have been made to the brochure the adviser is not required to prepare and complete this Item.

If necessary, Cladis Investment Advisory LLC will prepare this Item as a separate document attached to this brochure; material changes are not identified and discussed here.

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## Item 4 Advisory Business

Cladis Investment Advisory, LLC (CIA) primarily provides investment portfolio management services. We manage client investment portfolios on a discretionary (meaning we buy and sell securities for your portfolio **without** contacting you prior to the transaction for authorization) or non-discretionary basis (meaning we will contact you and obtain authorization prior to the transaction) for a fee. We may incorporate financial planning into our investment portfolio management services, using interactive financial planning software. This tool promotes client engagement and enables us to collaborate with our clients to better assist them in assessing their overall financial situation and planning more effectively. We have been providing investment advice from the Billings, Montana area since June 2010. Nick Cladis is the majority owner and manager of the firm. Prior to starting his own investment advisory firm, Nick was an investment adviser representative of Capstone Wealth Management from February 2007 to May 2010. Tracy Hawbaker has been with the firm since 2010 and became a minority owner in 2022. Tracy serves as the firm's Chief Operations Officer and is a registered investment adviser representative of the firm. Brenda Meyer joined the firm in 2012 and serves as the firm's Client Administrator.

As a registered investment adviser, CIA is a fiduciary, obligated by law to always place its clients' interests before its own. We embrace this responsibility and duty. We are committed not only in executing this duty, but also to preserving the confidentiality of our clients' non-public information and to eliminating or mitigating conflicts of interest such as any business relationship that could reasonably be expected to affect our independence, objectivity, or loyalty to our clients.

CIA recommends and advises upon individual corporate exchange-listed stocks, both domestic and foreign, corporate bonds, United States government and agency bonds, CD's, municipal securities, mutual funds and exchange-traded funds. We do not advise or recommend derivatives of these investments such as options.

CIA also provides financial planning and investment advice through consultation for an hourly fee. We will collect necessary information to complete the services requested by the client and provide a written summary of recommendations.

We tailor our investment advice and recommendations to the individual financial needs and investment objectives of our clients. Recommendations are based upon each client's risk tolerance, investment objectives, annual income, net worth and liquid net worth, age, income needs, and other significant assets. Clients may restrict the purchase of certain asset classes or securities or types of securities purchased in their portfolio.

As of December 31, 2022, we managed approximately \$104,400,000.00 of client assets on a discretionary basis and \$500,000.00 on a non-discretionary basis.

Cladis Investment Advisory, LLC does not offer tax, legal or accounting advice. We encourage our clients to discuss any of our recommendations with their personal tax, accounting, or legal advisers.

**ERISA CONSIDERATIONS.** In rendering investment advice to retirement accounts that may be subject to Department of Labor ERISA regulation:

**FIDUCIARY STATUS.** When we provide investment advice to our clients regarding your retirement plan account or individual retirement account (IRA), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, 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.

**SERVICES.** Retirement account assets may represent a substantial portion of our clients' overall assets and investment portfolio and considerable attention should be made to that asset. We will give your retirement assets the attention they need and deserve and will provide you the following services in doing so:

- Our advice will reflect the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives and needs of the client.
- Our advice will be tailored to each client's unique financial situation. Our portfolio investment strategies and recommendations will consider each client's investment objectives, risk tolerance, and financial circumstances.
- We will not place CIA's or our registered investment adviser representatives' financial or other interests before our clients in rendering advice upon retirement assets.

**Fees.** The fees you would pay if you left your retirement assets in your current retirement plan(s) or account **may be more or less** than the fees you will incur if you roll over or transfer these assets to our management. Please consider this when deciding whether to roll over these assets to our management. The plan administrator delivers an expense and investment disclosure document [often referred to as the 404(a)(5) Fee Disclosure] to you annually. We strongly recommend you review that document to determine the fees currently assessed upon your retirement plan account. If you would like us to assist you in analyzing the fees you pay in your current account we can if you provide us a copy of this fee disclosure document.

**CONFLICTS OF INTEREST.** We have an inherent conflict of interest to recommend you roll over your employer sponsored plan account or IRA to an advisory account managed by us. We will earn more fee revenue if you do. That said, it is in both our interests to keep your fees low. Fees erode the performance of your investment return and may also keep you from achieving your financial goals. It is in both our interests to keep your fees low and help your portfolio grow to meet your financial goals.

## Item 5 Fees and Compensation

CIA is compensated for managing investment portfolios based upon a percentage of the market value of assets managed. We will explain all fees to ensure client understanding and before any services are rendered. Fees are negotiable.

Clients may authorize fees to be deducted from their accounts or clients can choose to be billed directly. Fees are payable quarterly in advance and based on the market value of the portfolio at the end of the previous quarter.

Market Value of Assets Managed	Annual Fee
\$999,999 or less	1.25%
\$1,000,000 to \$2,499,999	1.00%
\$2,500,000 to \$4,999,999	.90%
\$5,000,000 to \$10,000,000	.75%
Above \$10,000,000	Negotiable

For the first invoice, fees will be calculated and billed when a majority of the client's assets are received into the account (if a transfer of assets is deemed necessary - see **Item 12. Brokerage Services** for more information). The fee will be based upon the market value of the assets on that day and number of days left in the quarter the agreement was executed.

Example:

Date Majority of Assets Received into Account	# of Days Left In Quarter	Annual Fee	Market Value of Assets on May 27	Calculated Fee to be Billed on May 28 [(\$1,177,592*.01)/365] X 35
May 27	35	1.00%	\$1,177,592.00	\$1,129.10

Clients may also choose to negotiate a flat quarterly fee. Negotiated flat fees will be billed the date the agreement is signed and pro-rated for the number of days left in the quarter the agreement was executed.

We will execute an investment advisory agreement with our clients defining certain terms of the advisory relationship.

The investment advisory agreement can be terminated at any time. Clients may terminate the agreement, without any fees due or penalty, within 5 business days of signing the agreement. If the agreement is terminated after 5 business days, the client will receive a refund of fees paid in advance, but not yet earned, based upon the number of days left in the quarter. Example:

Billing Period	Market Value of Assets Under Management as of March 31	Quarterly Fee Paid in Advance [(\$1,154,688 X .01/365) X 91]	Agreement Termination Date	# of Unearned Days	Calculated Fee to be Returned [(\$2,878.81/91) X 51]
2 <sup>nd</sup> Quarter April 1 <sup>st</sup> – June 30 <sup>th</sup> 91 days	\$1,154,688.00	\$2,878.81	May 10	51	\$1,613.40

For our financial planning and investment advice provided through consultation services we charge \$200.00 per hour. Fees are due when services are rendered and client receives the written recommendations report. Any agreement executed for consultation services can be terminated within 5 business days without penalty, but if terminated after 5 business days, fees for time spent on the client's project up to that date will be due.

Clients will incur transaction fees or commissions from the broker-dealer through which the investments are purchased or sold. Mutual funds and exchange traded funds also charge annual management fees. We do not retain any portion of any of these fees. The broker-dealer or investment company retains these fees.

Clients may also incur, depending upon the broker-dealer or custodian where assets are held, annual account maintenance fees. CIA reimburses client accounts for annual account maintenance fees.

For additional information see [Item 12. Brokerage Practices](#) below.

We do not receive any other compensation such as commissions or "loads" for the sale of securities or other investment products nor do we receive any annual service fees (such as 12b-1 fees) from mutual fund or other investment companies.

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

Performance-based fees are based on a negotiated share of the capital appreciation of a client's account and are charged in addition to CIA's investment advisory fees. CIA is not compensated with performance-based fees.

## **Item 7 Types of Clients**

CIA provides investment advisory services to individuals, trusts, estates, charitable organizations, corporations, pension and profit-sharing plans, and other business entities. Generally we seek to establish relationships with total assets under management greater than \$250,000.00.

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

CIA's investment strategy focuses primarily on allocating and diversifying the investments held in your portfolio amongst several different asset classes (large cap, mid-cap, small cap, international, fixed income, etc.) in an effort to decrease volatility and risk and increase the portfolio's return.

We will establish an asset allocation based primarily upon your individual risk tolerance, time horizon, and account size among other factors.

We then search for investment opportunities within the selected asset classes and across various industry sectors such as Technology, Energy, Basic Materials, Healthcare, Consumer Discretionary, Consumer Staples, etc. We may overweight, i.e. allocate towards the high end of an established range for certain asset classes or sectors if we view the asset class or sector is "out-of-favor" or has potential to outperform either in the short-term (within 1 year) or long-term (after 3 years). Overweighting may not produce the desired results if the asset class or sector does not perform as expected.

**It is important to understand investing in general involves risk of loss that you should be prepared to bear.**

Our investment strategy focuses on asset allocation and diversification which may involve purchasing several various investments. Clients will incur transaction costs per trade, so diversifying investment portfolios across several asset classes may increase the transaction costs for the portfolio. Also, as stated above, we may overweight certain asset classes or sectors if we view the asset class or sector is “out-of-favor” or has potential to outperform. Overweighting may not produce the desired results if the asset class or sector does not perform as expected.

Other investment risks include but are not limited to the following:

- **Market Risk** The risk that market conditions can negatively impact investment returns. Market risk is generally dependent on valuation and economic conditions, such as inflation, consumer sentiment, or credit availability. This risk includes the daily fluctuation in the share price of the investment. Cyclical down markets are unavoidable.
- **Business Risk** Any risk that lowers a business’s net assets or net income, could, in turn, lower the return of any security based on it. Basically any company could fail due to unforeseen circumstances.
- **Industry Risk** The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- **Inflation Risk** The value of investments may not keep pace with inflation. If the after-tax return on an investment is less than the rate of inflation, then the value of the investment will decline.
- **Interest Rate Risk** Changes in interest rates can have a positive or negative impact on the value of investments or returns. For example, many fixed interest investments invest in government bonds. If interest rates rise between the date of purchase and the date you need to sell it, you may have to sell the bond for less than you would have received if you held it to maturity.
- **Credit Risk** The possibility that a bond issuer will fail to repay interest and principal in a timely manner. Also called default risk.

Investing in international investments includes, but is not limited to, the following additional risks:

- **Country Risk** The possibility that political events (war, national elections), financial problems (rising inflation, government default), or natural disasters (earthquake, poor harvest) will weaken a country’s economy and cause investments in that country to decline.
- **Currency Risk** The possibility that returns could be reduced for U.S. dollar-based investors investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.

As stated in **Item 4. Advisory Business** we may recommend and advise upon mutual or exchange-traded funds. Investing in funds also presents the following risk:

- **Manager Risk** The possibility that an actively managed mutual fund’s investment adviser will fail to execute the fund’s investment strategy effectively resulting in the failure of the stated objectives.

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CIA's main sources of information for its investment research are:

- financial newspapers and magazines,
- research materials prepared by others,
- corporate rating services,
- annual reports, prospectuses, filings with the SEC and
- company press releases.

## Item 9 Disciplinary Information

Nick Cladis, owner and manager of Cladis Investment Advisory, LLC, was involved in an administrative proceeding brought by the Montana State Auditor Commissioner of Securities and Insurance. This event occurred more than 10 years ago. You can review details of this event as disclosed on Mr. Cladis' public record at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Mr. Cladis' CRD # is 47182.

## Item 10 Other Financial Industry Activities and Affiliations

We are not involved or affiliated with any other financial industries or activities. We do not recommend or select other investment advisers for clients.

## Item 11 Code of Ethics

CIA has adopted a **Code of Ethics** emphasizing:

- Our firm's fiduciary obligations to its clients
- Standards governing our business conduct
- Disclosure and resolution of conflicts between our interests and our client's interests
- Our obligation to comply with all applicable securities regulation
- Employee, associated person, and representative personal securities holdings and transaction reporting

Our **Code of Ethics** is available to our clients and prospective clients upon request.

CIA or its employees and representatives may invest in the same securities we recommend to our clients. We may buy or sell securities for client accounts at or about the same time we buy or sell securities for our own accounts.

Investing in securities our clients also invest in presents a potential conflict of interest because we also want the value of those securities to rise to benefit our own accounts. The possibility then exists for the investment adviser or its representatives and other personnel to purchase a security for their own account(s) prior to purchasing in their clients' accounts, affecting several client transactions in the same security in an effort to increase the value of the security, and then profitably selling the security in the proprietary account.



We require firm personnel to adhere to our Code of Ethics and our fiduciary duty to always place our clients' interests before our own. We require personnel to be cognizant of client trading activity and ensure transactions placed for proprietary accounts are appropriate prior to executing the proprietary trade. When the firm is aware of transacted or potential transactions in mutually owned securities, and if applicable and appropriate, we will ensure orders are placed in client accounts before our own. In an effort to detect and prevent improper proprietary trading we require applicable personnel periodically report security holdings and transactions. Personnel are subject to termination and possible regulatory action if a pattern of impropriety is detected.

## Item 12 Brokerage Practices

### **The Broker and Custodian We Use**

CIA does not maintain custody of client assets we manage although we may be deemed to have custody of client assets for regulatory purposes if clients give us authority to withdraw advisory fees from their account (see [Item 15. Custody](#) below). Client assets must be maintained in an account at a “qualified custodian”, generally a broker-dealer or bank.

To manage client assets CIA recommends its clients open and maintain accounts at TradePMR, a registered broker-dealer, member SIPC and FINRA, and Wells Fargo Clearing Services, LLC also a registered broker-dealer, member SIPC and FINRA. TradePMR will act as the introducing broker-dealer and provides CIA with a trading and account management platform, among other services (see **Products and Services Available to Us from TradePMR** below). TradePMR has entered into an agreement with Wells Fargo Clearing Services, LLC to execute and clear client securities transactions and custody client assets. Your assets will be held in a brokerage account maintained at Wells Fargo Clearing Services, LLC and TradePMR will execute securities transactions as CIA instructs them to.

CIA is independently owned and operated and is not affiliated with TradePMR or Wells Fargo Clearing Services, LLC.

While we recommend you use TradePMR and Wells Fargo Clearing Services, LLC you decide whether to do so. We do not open the custodial accounts for you although we may assist you in doing so.

The factors we consider in selecting a broker-dealer and custodian are:

We may use other brokers to execute trades for client accounts maintained through TradePMR as described below (see **Prime Broker or Trade Away Fees**), but please note, such transactions are rare.

- Capability to execute, clear, and settle trades in an efficient manner
- Promptness and accuracy of confirmations and statements provided to clients
- Investment product availability [stocks, bonds (corporate, municipal, U.S. Government and Agency), mutual funds, exchange-traded funds (ETFs), etc.]
- Up to date technology
- Effective and efficient adviser support platform (trading, account access, and reporting)
- Availability and value of investment research and tools
- Personalized service to us and our clients
- Capability to facilitate transfers and payments to and from accounts

## **Your Brokerage and Custody Costs**

As described above in [Item 4. Advisory Services](#) clients will incur transaction fees or commissions charged by the broker-dealer through which the investments are purchased or sold. Mutual funds and exchange traded funds also charge annual management fees. We do not retain any portion of these fees. The broker-dealer or investment company retains these fees.

Clients may also incur annual account maintenance fees charged by the custodian. CIA reimburses its clients' accounts for these maintenance fees.

Commission rates charged our clients by the broker-dealer are not connected to the number or nature of trades affected in our client accounts. All clients incur the same transaction costs. Commission rates charged our clients were negotiated between CIA and the broker-dealer when we executed our business agreement.

We believe the transaction costs charged are reasonable in light of the services received by CIA and ultimately benefit the client in the form of effective and efficient management of their account. These transaction costs may be more or less than the transaction costs a client may negotiate with another broker-dealer or incur with another investment adviser. We will discuss and disclose exact commission charges and account maintenance fees with each client prior to executing an advisory services agreement.

## **Products and Services Available to Us from TradePMR and Wells Fargo Clearing Services, LLC**

TradePMR & Wells Fargo Clearing Services, LLC provide outstanding customer service, superior technology, and access to a wide variety of products and partners to efficiently and effectively manage our clients' investment portfolios.

### **► Trading and Account Management Platform**

Advisor Workstation Fusion:

- account management, workbooks, and records
- investment research and quotes
- transaction execution (clearing services provided by Wells Fargo Clearing Services, LLC)
- efficient trading modules (model, position, basket)
- reports (client account values, open orders, positions, activities, action items, trade blotter)
- fee processing

Market News: complete market news

Stock Screener: allows us to find stocks that match a set of criteria we define

Stock Detailed Quotes: enter information and look up various data points on both equities and markets

Mutual Fund Research: detailed mutual fund information and screening capabilities

Performance Reports: Account performance and summaries and portfolio analysis

Client On-line Account Access: The secure Investor Access System provides our clients with access to real-time account information, account statements, confirms and 1099s.

► **Access to a large selection of investment products including no transaction fee (NTF) mutual funds.**

► **Asset Custodial Services.** Wells Fargo Clearing Services, LLC custodies our clients' assets at no charge to us. Wells Fargo Clearing Services, LLC will charge some accounts (such as IRAs) annual fees, but as stated above in **Your Brokerage and Custody Costs** CIA will reimburse those accounts for those fees.

► **Annual Conferences.** Leading industry speakers, advisor workstation Fusion updates and working groups, networking, etc. (CIA must pay its own travel costs.)

TradePMR and Wells Fargo Clearing Services, LLC provide these services to us at no cost. CIA receives these services simply as a participant in the TradePMR platform regardless of trading activity in any or all accounts. We benefit because we do not have to pay for some of these services *versus* recommending other broker-dealers that may charge our clients lower transaction fees but also do not provide these services. Therefore we would have to purchase the additional services to manage our clients' accounts which in turn would raise our cost of doing business.

The availability of these services at no charge may present a potential conflict of interest because there is incentive to recommend you maintain your account with TradePMR based on our financial interests rather than based on your interest in receiving best value in brokerage and custody services and the most favorable execution of your transactions. However, we believe recommending TradePMR is in the best interests of our clients. These services allow us to effectively and efficiently manage the accounts ultimately to our clients' benefit. All of our clients' accounts receive the benefits of these services.

We believe our recommendation of TradePMR and Wells Fargo Clearing Services, LLC is in the best interest of our clients as well and is supported by the overall scope, quality and price of services TradePMR and Wells Fargo Clearing Services, LLC provide. Clients may be able to negotiate lower transaction costs with another broker-dealer or incur lower transaction costs or fees with another investment adviser.

TradePMR also offers access to other services such as streaming quotes, client relationship management software, and performance reporting for a fee.

### **Prime Broker or Trade Away Fees:**

As stated above we may use other brokers to execute trades for client accounts maintained through TradePMR. For example, other brokers such as D.A. Davidson or Crews & Associates may offer CIA bonds or CDs not available through TradePMR and Wells Fargo Clearing Services, LLC. In addition to commissions, TradePMR charges our clients a "prime broker" or "trade away" fee for each trade that we execute through a different broker-dealer but the securities bought or the funds from the securities sold are deposited (settled) into your Wells Fargo Clearing Services, LLC account.

To minimize our clients' trading costs, we execute most trades for your account through TradePMR. We have determined having TradePMR execute most trades is consistent with our duty to seek "best execution" of our clients' trades. "Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "**How we Select Brokers/Custodians**").

## Brokerage for Client Referrals

CIA does not consider client referrals in selecting or recommending TradePMR and Wells Fargo Clearing Services, LLC.

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### Directed Brokerage

As stated above, we recommend you use TradePMR and Wells Fargo Clearing Services, LLC but you decide whether to do so. CIA is independently owned and operated and is not affiliated with TradePMR or Wells Fargo Clearing Services, LLC. We believe our recommendation of TradePMR and Wells Fargo Clearing Services, LLC is in the best interest of our clients. This recommendation is supported by the scope, quality and price of TradePMR and Wells Fargo Clearing Services, LLC's services. The conflicts of interest this recommendation may present are described and addressed in **Products and Services Available to Us from TradePMR and Wells Fargo Clearing Services, LLC** above.

Some of our current clients maintain accounts at other custodians and direct us to affect securities transactions through other broker-dealers. If so instructed by the client to execute trades through a particular broker-dealer other than TradePMR and Wells Fargo Clearing Services, LLC, the client may not receive the best execution available, may pay higher commissions, and may not be able to participate in aggregated trades (please see **Order Aggregation** below). In selecting an executing broker-dealer clients are encouraged to consider, among other factors, the following:

- Brokerage arrangements other than those directed by the client may exist that would provide the client more favorable execution or additional brokerage related services;
- Other than in connection with monitoring trade execution data for client transactions, we have no responsibility to determine or assess the extent or value of service provided to clients provided by their directed executing brokers, nor do we generally have access to such information;
- Technological capabilities and limitations of a client's executing broker (e.g. a broker's inability to receive orders electronically) may affect our ability to relay trading instructions to such broker as efficiently as we are able to relay instructions to brokers that have more sophisticated order systems.

We encourage our clients to periodically review the terms of their brokerage agreement to ensure the terms meet their needs and are competitive in the market in relation to the services offered.

### Order Aggregation

Order aggregation, also known as block-trading, is the process of adding together individual client trade orders to purchase or sell the same security as one large order. Investment advisers may aggregate orders for administrative convenience and in an effort to achieve lower overall execution costs/commission rates. The price received per share will be the average share price of all orders executed to fill the block-trade. This price may be more or less than if the order was executed individually. Individual transaction fees are not affected, you will incur the same transaction fee regardless if the order is aggregated or executed individually. Generally we manage accounts on an individual basis and do not aggregate orders.

Trading activity *directed by clients* may not be aggregated simply because we may not be trading that same security in other accounts at that time.

## Item 13 Account Reviews

### **Account Review**

We review and monitor account investments continuously for changes in market, national and global economic conditions, and other factors that may affect investment or security value and perhaps warrant increasing or decreasing an account's holding of that investment. Additional investment opportunities are also continuously sought and monitored.

We encourage personalized account reviews with the client at least biannually but preferably quarterly and will meet with our clients at any time the client requests. We also review client accounts immediately upon learning of material changes in client circumstances.

Although other personnel may assist in preparing for client meetings, Mr. Cladis, majority owner, CCO, and investment adviser representative, is the primary account reviewer.

### **Reports**

We generally provide at least a report of the client's account(s) holdings at any client meeting and as part of the personal account review mentioned above in **Account Review**. We also strive to furnish any reports our clients may request. Therefore the nature and content of the reports produced and provided varies by client.

Clients will also receive account statements directly from the custodian where their account is held.

## Item 14 Client Referrals and Other Compensation

CIA does not compensate anyone for client referrals. CIA may refer clients to third-parties for certain financial services necessary to meet the client's objectives, however, CIA does not receive any compensation for its referrals.

## Item 15 Custody

Although under government regulations we are deemed to have custody of client assets if clients authorize us to instruct the custodian to deduct our advisory fees directly from their account, CIA does not take custody of client funds or securities. Our clients open accounts at a separate custodian. As explained above in [Item 12. Brokerage Practices](#), we encourage our clients to open accounts at Trade PMR and Wells Fargo Clearing Services, LLC, but ultimately you choose the custodian you wish to use.

The custodian will send account statements quarterly, or more frequently, directly to you. We strongly encourage our clients to compare and reconcile information reported on the custodian statements to any account information we may provide.

## Item 16 Investment Discretion

As stated in [Item 4. Advisory Business](#) CIA manages investment portfolios on either a discretionary (meaning we buy and sell securities for your portfolio without contacting you prior to the transaction for authorization)

or a non-discretionary basis (meaning we will contact you and obtain authorization prior to the transaction). Clients generally choose to provide us full discretionary authority to manage their accounts. Our clients may limit or restrict securities we can purchase for their account(s).

We will not exercise any discretionary power without first obtaining written discretionary authority from the client. Discretionary authorization is granted in the Investment Advisory Services Agreement we execute with our clients. Discretionary authority is also granted in the broker-dealer account opening application.

## **Item 17 Voting Client Securities**

CIA will not vote, or give any advice about how to vote, proxies for securities held in our clients' investment accounts.

## **Item 18 Financial Information**

We do not require or solicit prepayment of \$1,200.00 in fees per client, six months or more in advance and therefore have not included a balance sheet. We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments, nor have we been the subject of any bankruptcy petition.