



CLIENT BROCHURE

This brochure provides information about the qualifications and business practices of Clearwater Wealth Management LLC. If you have any questions about the contents of this brochure, please contact us at (435) 752-8504 or by email at: steve@clearwaterwm.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 Clearwater Wealth Management LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Clearwater Wealth Management LLC's CRD number is: 158613

Throughout this report, Clearwater Wealth Management LLC will be referred to simply as "CWM."

175 East 1600 North
North Logan, Utah, 84341
(435) 752-8504 steve@clearwaterwm.com

Registration does not imply a certain level of skill or training.

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Who Are We?

Description of the Advisory Firm

CWM was formed in June, 2011 as a limited liability company registered in the State of Utah. The founders and principal owners are Neil M. Hamilton and Steven J. Parkinson.

Bios

Information about each representative of CWM may be found in the supplemental ADV Part 2B forms. This form, with information about your account representative, will be provided to you when your account is initially set up and mailed or emailed to you once a year thereafter.

Amounts under Management

As of December 31, 2016, CWM had approximately \$82 million under management.

Balance Sheet

CWM maintains a bank account with a zero balance. All collected fees are passed through this account and paid directly to the appropriate representative. CWM maintains a fidelity bond as required by law.

What do We Do and Don't Do?

Types of Services Offered

1. Investment Advisory Services CWM offers ongoing portfolio management services based on the Client's goals, objectives, time horizons and risk tolerance. Depending on the needs of the client, CWM may simply recommend a very basic portfolio, or a more complex strategy that will result in a dynamic portfolio over the life of the account.
2. Financial Planning: Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning, college planning; and debt/credit planning.

Types of Products Offered

CWM generally limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, Exchange Traded Funds (ETFs), real estate, Real Estate Investment Trusts (REITs), insurance products including annuities, private placements, Business Development Companies (BDCs) and government securities.

CWM may utilize margin transactions and options writing. Margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware

that there is a material risk of loss using any of those strategies. CWM may use other securities to help diversify a portfolio when applicable.

Client Tailored Services and Client Imposed Restrictions

CWM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client investment objectives as determined in Exhibit II of the Advisory contract. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CWM from properly servicing the client account, or if the restrictions would require CWM to deviate from its standard suite of services, CWM reserves the right to end the client relationship.

Services NOT offered

1. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. CWM DOES NOT participate in any wrap fee programs.

2. Bill Paying Programs

CWM does not offer bill paying services or checking account maintenance. We do not seek any access to financial accounts you hold at other institutions, other than information you may provide us so that we may better understand your overall financial situation.

3. Tax Preparation and Advisory Services.

Any tax preparation services offered by any representative of CWM are considered an outside business of that representative, and are not in any way associated with CWM.

Fees and Expenses

Investment Supervisory Services Fees

CWM is a fee-based advisory firm. Our standard fee is 1.75% of assets. A lower fee may be negotiated depending on the size of the account, type of account, the needs of the client, or other relevant factors. The agreed upon fee is identified in the Client Advisory Contract. CWM may charge less than the agreed upon fee from time to time, or for any period of time, without authorization from the Client; however, CWM retains the right to reinstate the agreed-upon fee at any time without notification. CWM may not charge more than the agreed upon fee without written authorization from the client. Any upward revision of the fee must be approved by CWM senior management. CWM reserves the right to charge a minimum fee of \$1 per month regardless of account size. In the event insufficient cash is in the account to cover the fee, and it is either not possible or not prudent to liquidate a position in order to raise cash, CWM may bill the client directly until such time as there is sufficient cash in the account. Client should expect that CWM will occasionally sell some or all of a position in order to maintain a small cash position in the account at all times. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract.

Financial Planning Fees

Depending upon the complexity of the situation and the needs of the client, the hourly fee for financial planning services is \$150 or as negotiated. The fees are non-negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients

may terminate their contracts without penalty within five business days of signing the advisory contract.

Performance-Based Fees and Side-by-Side Management

CWM does not charge fees based on performance or on a share of capital gains.

Payment of Advisory Fees

Advisory fees are withdrawn directly from the client's accounts. They are collected monthly in arrears (meaning we do not collect fees in advance.) By opening an account, Client has authorized CWM to collect advisory fees. Clients may terminate their contracts with written notice at any time, in which case CWM will be entitled only to a prorated portion equal to the number of days of the month for which the account was active.

Other Fees and Expenses

Client is responsible for all other fees associated with the account, including but not limited to third-party fees (i.e. custodian fees, mutual fund fees/expenses, transaction fees, account closing fees, qualified account fees, etc.) Those fees are separate and distinct from the fees and expenses charged by CWM.

Taxes

All taxes, both state and federal, are the responsibility of the Client. Where possible, CWM will assist Client in the payment of taxes when requested by Client.

Compensation other than Fees

CWM is a fee-only firm, meaning we do not charge commissions. However, there are some products that CWM may recommend for which charging a fee is not possible. The most common example of this is certain insurance products (i.e. a term-life insurance policy). Clients should be aware that these services may pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. To mitigate this conflict, no representative of CWM will charge an asset under management fee on money that generated a commission on the sale of a product. It is the policy of CWM to always act in the best interest of the client. Clients are in no way required to implement the plan through any representative of CWM in their capacity as an insurance agent. No representative of CWM is associated with any other financial institution offering financial advisory services or financial planning and therefore does not receive any compensation from such firms.

Guarantees and Risk

Investing involves risk. CWM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. CWM makes no guarantees that investment objectives will be reached or that capital will be preserved.

Types of Clients

CWM serves the following types of clients:

- Individuals
- Trust Accounts
- Company Sponsored Retirement Plans

Methods of Analysis

CWM's methods of analysis include charting analysis, fundamental analysis, and technical analysis.

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. It involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the markets often repeat discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Outside Research

CWM often purchases outside research and may use this information for the purposes of analyzing current market conditions; the construction of macro portfolio models; and specific security recommendations, among other things.

Disciplinary Action

CWM is registered as a financial advisory firm in the State of Utah. It is subject to the rules and regulations of the Securities and Exchange Commission (SEC), The Financial Industry Regulatory Authority (FINRA), and the Utah Department of Securities. CWM is audited regularly by the Utah Department of Securities. A. Disciplinary Actions.

- There are no disciplinary, criminal or civil actions to report.
- B. Administrative Proceedings ○ There are no administrative proceedings to report
- C. Self-regulatory Organizations (SR) Proceedings ○ There are no self-regulatory proceedings to report.

Other Financial Industry Activities and Affiliations

No representative of CWM is affiliated with another Broker/Dealer or Financial Advisory Firm. All representatives are licensed insurance agents, and may be appointed with various insurance companies. While your advisor may recommend and offer various types of insurance products, they may or may not be held as part of your portfolio upon which the advisory fee is based. If a product generates a commission, no advisory fee will be charged for that asset.

Conflicts of Interest

In addition to their association with CWM, any representative of CWM may at times have other business interests. However, all representatives are prohibited from selling away or transacting investment related business for CWM clients with any other firm that competes, or that could compete, with CWM.

Neil Hamilton and Steven Parkinson both own income producing agricultural property. Mr. Parkinson and Mr. Hamilton also own rental properties. Mr. Parkinson is a certified tax preparer. CWM does not consider these activities as a conflict of interest.

Privacy Policy

A copy of our Privacy Policy is provided to each new client when the account is first opened, and mailed or emailed each year thereafter.

Code of Ethics

Rule 204A-1 Investment Advisor's Act of 1940 requires that Investment Advisors establish and follow a code of ethics. You may request a complete copy of our code of ethics simply by contacting our office at any time. Our code of ethics addresses the following standards:

- Professional Competence
- Protection of Client Data
- Suitability of Recommendations
- Timely and Courteous Service
- Fairness in Compensation
- Fiduciary Responsibility

Participation or Interest in Client Transactions

CWM does not make recommendations for clients to buy or sell any security in which CWM or a person related to CWM has a material financial interest.

Trading Securities at/around the same time as client transactions

From time to time, representatives of CWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of CWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. CWM will always transact client's transactions before its own when similar securities are being bought or sold. CWM will do everything possible to mitigate these conflicts by disclosing to the client any possible conflict interest. CWM will act in a fiduciary manner, and will always act in the client's best interest.

Brokerage Practices

Factors Used to Select Custodians

The Custodians, TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA (CRD # 5633) and Fidelity Brokerage Services LLC (CRD # 7784), were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. CWM will never charge a premium or commission on transactions beyond the actual cost imposed by Custodian.

Clients Directing Which Custodian to Use

CWM and its related persons allow clients to direct from one custodian to another as long as CWM has an agreement with that particular custodian. CWM may be unable to achieve most favorable execution of client transactions if clients choose to direct custodian. This may cost clients' money because without the ability to direct brokerage CWM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

Block Trading

CWM maintains the ability to block trade purchases across multiple client accounts. Block trading may benefit a large group of clients by providing CWM the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

Account Reviews

Client accounts are reviewed at least quarterly by the representative assigned to the account. Accounts are reviewed with regards to their investment policies and risk tolerance levels, if any were established at the time the account was opened or later amended. Additional account reviews may also be performed due to economic or political events, or by changes in the client's financial situations (i.e. retirement, termination of employment, physical move, inheritance) or by client request.

Statements

Clients will receive monthly or quarterly statements from the Custodian (i.e. TD Ameritrade or Fidelity) as well as confirmation tickets reporting the purchase or sale of assets. The Custodian will also provide year-end tax-reporting information. Tax information is typically sent in February, and Client should wait until tax information is received before filing their taxes.

CWM will send quarterly performance reports which will include a report of fees deducted from Client's account(s) during that quarter. These fees may be tax-deductible for non-qualified accounts.

Client Referrals and Other Compensation

Custodial or Third-party Referrals

CWM and its related persons receive no referrals from a custodian or third party in exchange for using that custodian or third party.

Research and Other Soft-Dollar Benefits

CWM receives research, products, or other services from various third parties such as mutual fund companies or other product vendors. Typically, these products and services are available to all advisory firms without any requirement to sell a certain product. CWM is not compensated by any third-party based on sales volume. CWM does not "win" prizes or trips in sales contests or similar activities. Our only compensation is the fees collected from our clients. Our advice is therefore objective and in our opinion what is best for the client.

Pay for Referrals

CWM does not pay Clients or other third parties for client referrals. We do not share compensation with any unlicensed individual, or with any licensed advisor who is not one of our own advisors.

Custody

CWM, with client written authority, has limited custody of client's assets through direct fee deduction of CWM's fees only. If the client chooses to be billed directly by TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA (CRD # 5633) or Fidelity Brokerage Services LLC (CRD # 7784), CWM would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Investment Discretion

For those client accounts where CWM provides ongoing supervision, the client has given CWM written discretionary authority over the client's accounts with respect to securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides CWM discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

Voting Client Securities (Proxy Voting)

CWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Financial Information

Balance Sheet

CWM collects fees monthly and immediately pays them to its representatives. CWM does not maintain a cash reserve of any kind and therefore not need to include a balance sheet with this brochure.

Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither CWM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

Bankruptcy History

CWM has never been the subject of a bankruptcy petition. No advisor of CWM has been the subject of a bankruptcy petition.

Requirements for State Registered Advisors

Executive Officers

CWM currently has two management persons/executive officers; Neil M. Hamilton and Steven J. Parkinson. Neil M. Hamilton and Steven J. Parkinson's education and business background can be found on the Supplemental ADV Part 2B forms.

Outside Business Activities

Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on those (if any) can be found on the Supplemental ADV Part 2B forms.

Performance-based Fees

CWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Disciplinary Disclosures

No management person at CWM or CWM has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

Relationships with issuers of Securities

Neither CWM, nor its management persons, has any relationship or arrangement with issuers of securities.

Errors and Omissions Insurance

Advisors associated with CWM maintain E&O Insurance policies.