

# Clearwater Advisors, LLC

## Form CRS Customer Relationship Summary, February 24, 2021

Clearwater Advisors, LLC (“Clearwater”) is registered with the Securities and Exchange Commission (SEC) as an investment advisor. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### What investment services and advice can you provide me?

We offer investment advisory services to retail investors, including portfolio management services. When we provide you portfolio management services, we generally have discretionary authority to allocate your assets among fixed-income securities, including the selection of security types and amounts and the broker-dealers used to purchase and sell the securities. We take into account your portfolio risk and return objectives and liquidity requirements. We will comply with any of your portfolio restrictions, including guidelines with regard to duration, credit quality, and issuer, industry, and security type concentrations. Portfolios are monitored on a daily basis by investment personnel through the use of Clearwater Analytics, a web-based portfolio reporting software service designed to provide clients account transparency, including daily compliance, risk, accounting, and performance reports.

We also offer to certain clients services relating to liquidity and counterparty analysis.

We assess and accept clients on a case-by-case basis, with no set minimum account size. For additional information, please see our Form ADV Part 2A brochure (Advisory Business and Types of Clients).

#### Conversation Starters – Ask Us

*Given my financial situation, should I choose an investment advisory service? Why or why not?*

*How will you choose investments to recommend to me?*

*What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

### What fees will I pay?

When we provide you portfolio management services, we charge you a percentage of the market value of the assets we manage. Our asset-based fee is charged to you monthly or quarterly in arrears and generally ranges from 0.1% to 0.40%. We retain the discretion to negotiate fees on a client-by-client basis based on the amount of your assets under management, the nature of your accounts, and your specific investment guidelines and objectives. In most cases, we will issue you an invoice for the fee amount, although, in some cases, we can deduct fees directly from your custodial account.

When we charge you an asset-based fee, the more assets there are in your account, the more you will pay in fees. We therefore have an incentive to encourage you to increase the assets in your account. Please also note that you will incur certain charges and fees imposed by financial institutions and other third parties that are separate from the advisory fee we will charge you. These charges may include brokerage and other transaction costs, as well as custodial fees.

With regard to Clearwater Analytics’ portfolio reporting services, we may cover the cost of these services with respect to the portion of your assets managed by us. If you wish to receive these reporting services for your externally managed assets, we may cover the cost of these services up to a certain threshold and charge you a fee on any assets beyond that threshold based on the market rate for such services.

When we are engaged to provide clients services relating to liquidity and counterparty analysis, we will issue an invoice to those clients for a fixed fee.

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

For additional information, please see our Form ADV Part 2A brochure (Fees and Compensation).

#### Conversation Starters – Ask Us

*Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

## What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

**When we act as your investment adviser**, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they affect the recommendations we provide you. Here are some examples to help you understand what this means.

- We may from time to time invest the funds of our company, principals, or employees in securities or investment strategies similar to those employed on your behalf. Since we may have an incentive to favor these related accounts, the management of these assets alongside your assets creates a conflict of interest, which we mitigate through certain policies and procedures.
- We may receive research from broker-dealers that effect securities transactions on behalf of your account. While the receipt of research could, in theory, influence our selection of a specific broker-dealer to effect a transaction, such research is not a significant factor with regard to the selection of broker-dealers.

For more information about our conflicts of interest, please see our Form ADV Part 2A brochure (Code of Ethics and Brokerage Practices).

### **Conversation Starters – Ask Us**

***How might your conflicts of interest affect me, and how will you address them?***

## How do your financial professionals make money?

Our investment and operations personnel receive a salary and bonus, the latter of which is based in part on the employee's performance. Business development personnel receive a base salary and incentive compensation tied to certain sales metrics. A number of our employees are also owners of Clearwater and therefore participate in the performance of the company.

We do not receive any transaction-based compensation, such as brokerage commissions.

## Do you or your financial professionals have legal or disciplinary history?

No. Visit [Investor.gov/CRS](https://www.investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

### **Conversation Starters – Ask Us**

***As a financial professional, do you have any disciplinary history? For what type of conduct?***

Additional information about our firm can be found at <https://www.clearwateradvisors.com/>. You can obtain a copy of this relationship summary, or any other up-to-date information, upon request and free of charge by contacting us at 208-433-1222.

### **Conversation Starters – Ask Us**

***Who is my primary contact person? Is he or she a representative of an investment-adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?***