

# Clear Brook Advisors, Inc.

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*This brochure provides information about the qualifications and business practices of Clear Brook Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at the phone number listed above.*

*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. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training.*

*Additional information about the Firm is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

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**Item 2: Material Changes**

Since its last annual update of Clear Brook Advisors' brochure dated March 2023 there have been no material changes made to this brochure.

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**Item 3: Table of Contents**

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#### **Item 4: Advisory Business**

Established in 2001 by firm President and CEO, H. Whitney Wagner, Clear Brook Advisors, Inc. (“Clear Brook” or the “Firm”) provides investment advisory services to high net worth individuals, family offices, corporations and other businesses, other investment advisers and trusts. Clear Brook provides non-discretionary investment advice related to the following investments:

- private investment partnerships engaged in private equity (venture capital, growth equity, leveraged buyouts and distressed for control strategies);
- investments in energy, timber and other alternatives;
- private investment managers operating traditional long strategies as well as those pursuing long/short strategies (collectively referred to as “hedge funds”); and
- specific securities for purchase or sale, including mutual funds and ETFs.

Clear Brook performs thorough due diligence on fund managers and their underlying investments to identify those opportunities that merit further consideration. Clear Brook provides its clients a written investment recommendation on each private investment partnership being considered. Clients retain the final decision and authority with respect to all the investments and commitments. Upon a client decision, Clear Brook coordinates all communication with the sponsor of the private investment and facilitates the submission of all required subscription documents from the client, or broker or custodian engaged by the client to the private investment sponsor. After a subscription to a private investment partnership, Clear Brook monitors each of the investment partnerships, including, in some cases, providing consolidated reporting of the aggregate portfolio of private investments with both qualitative and quantitative assessments. Throughout the life cycle of a private investment, Clear Brook engages in periodic and regular contact with the private investment sponsor on behalf of the clients, including attending relevant annual meetings and conference calls.

On occasion, as part of broader allocation, Clear Brook will recommend that a client purchase or sell specific securities, including mutual funds and ETFs. Clients, if they agree with the recommendation, will execute any purchases or sales of such specific securities, including mutual funds or ETFs, through whatever brokerage relationship that such client may have.

In addition, in certain limited cases, H. Whitney Wagner serves as a Trustee or Co-Trustee for certain client Trusts pursuant to which he is deemed to have discretionary authority.

As of December 31, 2023, the Firm managed approximately \$28,300,000 on a discretionary basis and approximately \$912,800,000 on a non-discretionary basis.

All services are provided according to a written agreement. The agreement further defines the terms and conditions of service including the transferability of the contract, fees and other factors.

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#### **Item 5: Fees and Compensation**

Clear Brook negotiates an annual fee with each client in advance of the engagement. Such fees are either a fixed fee or calculated quarterly based on Net Asset Value (NAV). The annual fees range from \$7,500 to \$407,000 and are paid on a quarterly basis in advance. For the initial quarter of investment management services, the first quarter’s fees are calculated on a *pro rata* basis. Clients may request to terminate their advisory contract with Clear Brook, in whole or in part, by providing 30-day advance written notice. Upon termination, usually any fees for services rendered but not yet paid are charged to the client and any fees paid for services not rendered are refunded to the client.

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

At the present time, Clear Brook does not charge any of its clients any performance-based fees.

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**Item 7: Types of Clients**

Clear Brook's clients consist of high net worth individuals, corporations and other businesses, other investment advisers, and trusts. Clear Brook does not have an explicit minimum account size.

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

Clear Brook conducts extensive due diligence and analysis on private investment managers' investment records, strategies, investment team, operating structure, risk controls and other key aspects of the investment process to determine whether a fund is suitable for its clients.

To complete this due diligence, Clear Brook obtains original source documents from the manager. Such documents will include portfolio reports, annual audits, internal control and compliance reports, investor communications, and confirmation of matters from third parties as it relates to fund administration, prime brokerage and audits.

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency. All investment programs have certain risks that are borne by clients. Clear Brook's investment approach constantly keeps the risk of loss in mind. Clients should refer to the Confidential Private Placement Memorandum for each particular private fund recommended by Clear Brook for a more detailed discussion of risks.

Private equity and venture capital funds face several kinds of risk that are inherent in such funds, which historically have experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in market conditions due to changes in national or local economic conditions; competition from other companies offering the same or similar product and/or services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; and adverse changes in rules and regulations that affect a particular industry.

Hedge Funds often engage in leveraging and other speculative investment practices that may increase the risk of investment loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; may involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, Hedge Funds may invest in risky securities and engage in risky strategies.

With respect to recommendations regarding listed securities, Clear Brook conducts fundamental research in selecting quality equity and fixed income securities. A combination of company report research from third parties, company filings, and company presentations are used in the decision-making process.

Fundamental analysis is a general assessment based upon various factors including sale price, asset value, market structure, and history. Clear Brook will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position

amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Equity investments generally refer to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary and include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile, and fixed income securities carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities. Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting; however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

As with any investment in securities, investments in registered investment companies, such as mutual funds or exchange traded funds (“ETFs”) are subject to market risks and there can be no assurance or guarantee that investment objectives will be achieved. ETFs, mutual funds and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the fund.

An investment in ETFs or mutual funds may entail more direct and indirect costs and expenses than a direct investment in the underlying funds and ETFs. ETFs and mutual funds incur investment advisory and other fees that are separate from those fees charged by Clear Brook. Accordingly, investments in these instruments will result in the layering of expenses. Additionally, one mutual fund may buy the same securities that another fund sells. If this happens, an investor would indirectly bear the costs of these transactions without accomplishing the intended investment purpose. In addition, as Clear Brook does not control the underlying investments in an ETF or mutual fund, managers of different funds may purchase the same security, increasing the risk to the client if that security were to fall in value. The performance of an ETF or mutual fund may be limited by its stated investment strategy and type of underlying securities. There is also a risk that an ETF or mutual fund manager may deviate from the stated investment mandate or strategy of the ETF or fund, which could make the holding(s) less suitable for the investor. ETFs can be bought and sold throughout the day like stocks, and their prices can fluctuate throughout the day. During times of market volatility, ETF pricing may lag versus the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day); however, there is no guarantee this relationship will always exist, and as a result the market price of an ETF may be lower or higher than that of the underlying securities. Only an authorized participant (“Authorized Participant”) may engage in creation or redemption transactions directly with an ETF. Investors purchasing and selling shares in the secondary market may not experience investment results consistent with those experienced by Authorized Participants creating and redeeming directly with the ETF. To the extent that exchange specialists, market makers, Authorized Participants, or other participants are unavailable or unable to trade the ETF’s shares and/or create or redeem creation units, trading spreads and the resulting premium or discount on the ETF’s shares may widen and the ETF’s shares may possibly be subject to trading halts and/or

delisting. Mutual funds and ETFs are subject to the risk factors described in the prospectus and other disclosure documents that are publicly available at [www.sec.gov](http://www.sec.gov).

Private placements carry a substantial risk as they are subject to less regulation than publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

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**Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Clear Brook's advisory business or the integrity of its management.

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

H. Whitney Wagner serves as one of the Trustees for Brown Brothers Harriman Mutual Fund Group and receives compensation for his service on the Board of Brown Brothers Harriman Mutual Funds (the "BBH Funds"). Although Mr. Wagner is compensated for these activities, his service as a trustee accounts for less than 10% of his time and income.

In those instances, in which Clear Brook Advisors recommends any BBH Funds to its clients, there is a separate communication disclosing this possible conflict to the client. Mr. Wagner receives no additional compensation from Brown Brothers Harriman or the client on these transactions.

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

As required under Rule 204A-1 of the Investment Advisers Act of 1940, Clear Brook has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all directors, officers, and employees of the Firm (the "Access Persons"). The Code of Ethics describes the Firm's fiduciary duties and obligations to clients and sets forth the Firm's practice of supervising the personal securities transactions of employees who maintain access to client information. A copy of the Firm's Code of Ethics is available for review by request.

From time to time an Access Person will make a commitment to a fund Clear Brook recommends to its clients. Clear Brook has policies and procedures that are intended to identify these and other potential conflicts and to assure client interests come first. Clear Brook believes that Access Persons investing alongside clients of Clear Brook aligns the Access Persons' outcome with that of such clients.

Clear Brook collects and maintains records of securities holdings and transactions made by its Access Persons. The Firm reviews the personal trading practices of its Access Persons to identify and resolve any potential or actual conflicts of interest.

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**Item 12: Brokerage Practices**

Clear Brook does not recommend any broker/dealers for client transactions. In addition, Clear Brook does not receive any soft dollar benefits from a broker-dealer or a third party.

As Clear Brook does not execute transactions on behalf of clients, Clear Brook does not engage in any directed brokerage on behalf of clients and does not aggregate the purchases or sale of securities on behalf

of client accounts.

H. Whitney Wagner serves as a Trustee or Co-Trustee for certain clients pursuant to which he is deemed to have discretionary authority for trades in the clients' brokerage accounts. These accounts are managed on a "directed brokerage basis", where the trades within the established accounts are traded with the custodian for their respective accounts acting as broker. Clear Brook will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs for these directed brokerage arrangements. These costs are determined by the designated custodian.

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

While Mr. Wagner and Mr. Strachan converse with clients frequently, they will formally meet with each client at least twice a year to review asset allocation strategy, the performance of the asset classes and, if appropriate, the performance of individual assets or managers. This may lead to discussions about a modification to the strategy or proposed changes in assets or managers within specific asset classes.

Each client maintains its own banking, brokerage and investment account relationships and consequently receives monthly or quarterly reports from their custodian, the investment administrator, or the issuer. Clear Brook may, in some instances, receive duplicate copies of these reports directly from the custodian, the investment administrator, the issuer, or from clients themselves.

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

Clear Brook does not compensate others for client referrals. Further, the Firm does not receive any economic benefit from a non-client for the provision of advisory services to the Firm's clients.

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### **Item 15: Custody**

Although Clear Brook does not physically hold the securities and other assets of clients, Clear Brook is deemed to have custody of certain client's assets since Mr. Wagner serves as trustee or co-trustee to such clients. These accounts are subject to an annual surprise examination by an independent accountant in order to comply with the SEC's rule on the custody of client assets. All other clients will receive account statements from qualified custodians and clients should carefully review those statements. Any client that also receives account statements from Clear Brook should compare those account statements with the account statements received from the qualified custodian.

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### **Item 16: Investment Discretion**

Generally, Clear Brook does not have discretionary authority to make investment decisions on behalf of its clients. However, in limited cases, where Mr. Wagner serves as a trustee or co-trustee, he will have discretionary authority to manage securities accounts on behalf of clients.

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### **Item 17: Voting Client Securities**

Clear Brook does not maintain any voting or proxy rights with respect to corporate actions related to such assets. Clients may contact Clear Brook with questions about a particular solicitation; however, all clients retain the opportunity to vote their own proxies, which they receive directly from the custodian or broker-dealer.

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**Item 18: Financial Information**

As of this filing, Clear Brook does not require the pre-payment of more than \$1,200 in fees six months or more in advance or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.

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

This Item is not applicable to Clear Brook.