

CLOTHIER SPRINGS
CAPITAL MANAGEMENT



Clarity. Understanding. Insight.

Integrated Investment Strategies at Work

Timeless Truths | New Perspectives | Endless Evolution

Welcome.

Within these pages,
you are reading
our words,
our thinking,
and our **mission**.

Work with us and
you will work with
the people that wrote
them, and who will
be advising you and
directly responsible
for your investments
and your ultimate
successful outcome.

REVOLUTION

The quality of investment advice is a pure function of knowledge, combined with an open and conflict-free framework for delivering that advice.

Capturing market returns as efficiently as possible is the essence of optimized, fiduciary investing. Any departure from that simple premise is a step towards greater cost, greater risk and greater outcome uncertainty.

We embrace an approach to investment advice that evolves as investment theory and best practices evolve. The aim is to learn, adapt and maintain the most robust suite of investment services possible. The quality of investment advice is a pure function of knowledge, combined with an open and conflict-free framework for delivering that advice.

There is no advice quality advantage that derives from a firm's size, publicity, or frequent appearances on television. Marketing advantage certainly; ability to make noise of course, but advice quality, certainly not. There is no corner on the market of investment knowledge. There are however, vast and obvious differences in the services and products clamoring for attention in the marketplace. To an outsider, the noise of the financial world can be deafening.

Providing that robust suite of investment services demands a deep understanding of what drives investment returns with an eye towards the occasional revolution and an ability to disregard the noise.

What Outcome Do You Need?

Individuals and Institutions invest for a reason: to build wealth; to fund an actuarial liability; to grow the purchasing power of their assets; to turn human capital into financial capital; to finance a quality of life in retirement as a reward for years of work; to leave a legacy; and many others.

The factors that drive the investment process remain unchanged ...returns, risk, costs, taxes, liquidity, time and all of the other attendant aspects of an investment program.

How will you as an investor or fiduciary evaluate and organize a process to meet your objectives in the most efficient and cost-effective manner?

While the factors that drive investment results remain unchanged, the moving parts continue to grow and investment theory continues to evolve. How do you stay abreast of it all? When it is time to seek investment advice, what should you look for?

We have answers **and** solutions.

**Discover
Research
Counsel
Recommend
Advise
Implement
Invest
Manage
Monitor
Measure
Report
Review
Rebalance
Repeat**

Managing Complexity

We are investment advisors and portfolio managers, not speculators, traders, brokers or any other variant of market participant. By definition and practice, we recommend, organize and manage fiduciary quality investment programs and services to enable clients to achieve their unique goals and objectives in the most efficient and effective manner. We trade only to implement ideas and to enhance a portfolio. Speculation is gambling's next of kin—we avoid it at all costs. Successful investment takes time. Time to allow allocations and ideas to appreciate. Time to achieve long term goals and objectives. Time to let the natural structural returns of the markets work for you. This does not imply a hands-off approach however. We actively manage portfolios and re-balance allocations to manage risk and capture return potential. Time and inactivity are your friends as an investor—perhaps the most enduring of all investment truths.

A Principled Approach

The range of issues that must be addressed to properly organize a successful investment program is large and growing, yet reduces to a few basic bedrock principles and activities. With the proper foundation, goals and objectives are more readily defined and achieved. Risk is managed. Costs are transparent and contained. Emotions and their usually negative impact are limited. New knowledge and insights are easily and meaningfully incorporated into a dynamic program. Without the proper foundation, every decision and investment becomes suspect. Inevitable and unavoidable adversity can appear to be incompetence. Client risk tolerance shrinks appreciably. Second guessing proliferates. Emotions begin to dictate investment decisions

with negative impact. Investment fads and crises exert their temporary influence, waning only as the next fad or crisis gains prominence, exerts its gravitational pull on the psyche of legions of uninformed and undisciplined investors, devastating portfolios before giving way to the next “event.”

Complexity is growing as a function of the growth of the myriad of asset classes, securities, investments, returnsets, investment products, investment packages and vendors. Hewing to the truths, open to new ideas, continually refreshing our knowledge while tuning out the market noise and distractions, is our strength. Managing complexity is central to delivering a high level of investment advice and outcomes.

CLEAR THINKING.

CLEAR STRATEGIES.

CLEAR RESULTS.

Clarity demands honesty and competence. Clothier Springs Capital Management pursues clarity relentlessly.

Clarity Everywhere

It's a crowded and noisy world of securities, asset classes, vendors, products and business models all clamoring for your business. Knowing what matters most to a serious and successful investment program-and how to get it-is paramount. If you want, need or otherwise require investment advice, what is the best way to access it? Who knows what they are talking about? What business models and vendors offer the greatest objectivity and competence? Clarity is a fundamental underpinning of our business and investment philosophy. Clarity of thought, of explanation, of actions, of understanding, of communications. Clarity of our investment services offerings and how they will help you properly fund your liabilities, whether they are personal or institutional, because that is the ultimate reason to invest. Clarity demands honesty and competence. Clothier Springs Capital Management pursues clarity with zeal.

Seek a Higher Place

Business and nature abound with examples of organizations and organisms that failed to adapt, and no longer exist. There are, many sub-optimal investment firms, offerings and business models, clinging to their legacy models and offerings, refusing to adapt, despite a continually advancing body of investment knowledge, and clearly superior business offerings and models. These firms thrive on the confusion, lack of transparency and abundance of offerings in the marketplace for their survival.

Clothier Springs Capital Management seeks a higher place in the firmament of investment

offerings. Managing client investments to a fiduciary standard is a serious responsibility. Our business objective is to create and offer the most robust, effective and competitive suite of investment services available in the marketplace, at all times. What those services and strategies are comprised of is of course not a mystery to anyone in the investment business. A firm merely has to be willing to create, manage and market them, and price them appropriately.

That defines Clothier Springs Capital Management.

Deep Experience. Deep Ability.

Depth of knowledge—of insight—of capabilities—of experience—of ethics. Some investment organizations exist only to push products and transactions. Some merely distribute the strategies and products of other firms. Some are a third or fourth layer of fees heaped upon the products recommended to clients, for little more than relationship management. Within the hierarchy of financial services firms, many exist primarily to feather their own nest. Our job is to deliver top-tier investment advice, strategies and implementation at a fair price. Here, client-specific advice is the real value.

At Clothier Springs Capital Management, we organize, recommend and supervise your investment program. We don't hand it off to a downstream vendor. We have an investment philosophy and outlook grounded in reality and theory. We have an opinion, formed by long and deep experience, observation and analysis. Relationship management is critical to our success and fundamental to our core competency of delivering fiduciary quality advice, strategies and services to our clients.

Deep Insights.

Prudent, optimized investing reduces to this simple proposition: Assembling the right mix of market exposures—exposures that can enhance returns, mitigate risk or both—in the right proportions and the appropriate liquidity for your particular return and risk profile, and accessing them through the appropriate accounts/vehicles/products as cost effectively as possible.

While complexity, activity and costs are the enemy of a good outcome, successful investing is neither simple, easy, purely static, free or without some market risk.

Our advice, portfolios and strategies are built upon the bedrock of observable, empirical evidence, supported by academic research and implemented with the self-evident advantage of low-costs. We implement our investment advice with ultra low-cost market exposures—primarily Exchange Traded Funds (ETFs).

At Clothier Springs Capital Management, we hew to the timeless truths of investing while constantly seeking to expand our own thinking and to remain current with ever-evolving investment theory and best practices.



Ignore the Noise.
Discipline Emotion.
Gain Strength.

TRUTH TRUST

Those who know and speak the truth, earn trust. Those who don't know the truth, or don't want you to know the truth, earn doubt and skepticism. The advisor-client relationship can flourish only on a foundation of trust. Every aspect of our business: our registration with the regulatory authorities, our philosophy, our current and evolving knowledge, our services and our client's investment success hinges on our understanding of the truth and our ability to articulate it clearly. In this business, nothing else matters. In the investing business, which necessarily involves exposing client assets to risk, the truth is periodically unpleasant. Yet avoiding it, shading it or misrepresenting it only destroys trust. Clients must trust their advisors trust their competence, trust their knowledge, and trust their advisors to impart the truth, pleasant or unpleasant, at all times.

Truth makes no guarantees...indeed, as an independent Registered Investment Advisor, we are expressly prohibited from making any kind of investment guarantee. The guarantee we can and do make however is this: we work solely on your behalf. The value of our client-advisor alignment cannot be overstated. It is an alignment not shared by all vendors in the financial services arena.

The advisor-client relationship in financial services is very much akin to the doctor-patient relationship in medicine. Success demands competence. Our knowledge must remain current. Moreover, we must be able to maintain

the good financial health of the client, over long periods of time and through varied and periodically inhospitable market conditions.

Truth is an asset. It serves client goals and objectives. Truth quiets doubt and minimizes fears that prudent investing periodically and inevitably engenders. Truth buttresses the will to persevere. Truth expands perspective. Truth sustains risk tolerance. Truth is the bedrock of a successful investment program. It is the single quality that fuels a client's will to stay invested—and staying invested is the only way to meet your goals and objectives.

Trust History

Abandoning the markets for "safer" havens, tends to happen at the most stressful and unfortunate times. Cash can afford periodic comfort during market turmoil. Yet very few investment goals can be achieved holding cash. Abandoning the markets also tends to leave clients and investors chastened, and reluctant to invest properly again, anytime soon. If clients can stay in the fight, to reap the rewards of the eventual return to the historical, positive structural returns of the markets, they stand an infinitely greater chance of meeting their goals. And we will have done our job. The truth comes first. Trust follows.

At Clothier Springs Capital Management, earning trust is just as important as earning investment returns.

Timeless Truths. New Perspectives. Endless Evolution.

Diversification - across and within asset classes is still and forever the best risk management tool

Asset Allocation - we live in an asset allocation world. Asset allocation does the heavy lifting in an investment program. It overwhelms all other activities in the investment decision hierarchy. Get the allocation right and your desired outcome becomes highly likely. Get it wrong or disregard it entirely and the chances for achieving your goals and objectives diminish greatly.

Valuation - all return potential and risk management begins with valuation. Lower valuations allow for both increased return potential and reduced risk. Exposure to low valuation factors is one of the very few market exposures with a persistent above average, positive payoff, unexplained by the efficient market precepts.

Costs - Costs matter, period. Clients earn returns net of all costs. Costs are also the single aspect of an investment program that can be directly controlled by the client and advisor. Moreover, controlling costs is the single variable that directly correlates to better net returns.

Time & Timing - Time in the market and inactivity are the investor's best friends. Hitching your account cart to the market horse is the most direct path to better outcomes.

Trying to market time or any variation thereof is universally regarded by all serious practitioners and academics to be a fools' errand, offering a zero or negative expected return. In the short-term, market actions are essentially random. Exposing client assets to the vagaries of random market timing is imprudent. Pursuing this activity would needlessly put client monies at risk, for loss or catastrophic performance shortfall. As such, we avoid it entirely.

Product is Ubiquitous - There is no lack of access to markets and securities through the many variants of brokerage accounts. There are tens of thousand of individual securities and multitudes of packages (separate accounts, mutual funds, annuities, limited partnerships) to assemble portfolios.

Any returnset that can cost effectively be accessed to enhance portfolio returns or mitigate risk, or both should be a candidate for a portfolio.

Institutional Process - We bring an institutional process to the management client portfolios. This process address all aspect of a fiduciary quality program: returns, risk tolerance, cost controls, tax impact, estate and legal issues. It maintains discipline, expands opportunity and enriches client communications. In short, it gives holders of private and institutional wealth the best potential to achieve their unique goals and objectives.

A Note on Ethics - Ethical practices are central to competent investment advice. Our professional governing organization promulgates the highest ethical standards and code of conduct in financial services. We hold ourselves to those standards. Strong ethics are a fundamental underpinning of our business practices and most importantly, who we are as people.

Expand Knowledge.

Refine Processes.

Limit Risk.

Endure Volatility.

Meet Goals.

Control Costs.

Improve Outcomes.

Insight

We don't live in a vacuum. We are not wedded to the best thinking of twenty, ten or even two years ago. We constantly expand our knowledge, test ideas, refine our processes, and gain insight from being daily participants in the capital markets on behalf of our clients and ourselves. We are not mere relationship managers, passing along the value or services resident in other firms. We have our own opinions, insights and thoughts, which we actively apply to our investment recommendations. We are skeptics by nature. We have to be. When we make a recommendation to a client, we have to believe to our core that theory and reality support our recommendation, that they reconcile in the marketplace and that it is the best action we can possibly take on behalf of a client. While there are no guarantees, insights into the true drivers of investment success expand the potential for clients to meet their goals and objectives, while limiting risk.

Successful investing is not an easy proposition. These core values support our understanding and insights into how best to organize an optimal investment program.

Values

Mission - Individuals and Institutions accumulate wealth to serve a multitude of purposes: net worth, lifestyle, education, retirement, philanthropy, entrepreneurship, mandated spending, employee benefits, social programs, etc. Our sole mission is to help our clients preserve and grow their wealth, income and purchasing power in support of their stated objectives.

Clothier Springs Capital Management exists solely to serve our clients. Our sole source of revenues are fees paid by clients. As such, our only economic motive is to serve our clients.

The success of Clothier Springs Capital Management is inextricably linked with the success of our clients. To those mutual goals, we apply our professional capabilities, our experience, our honesty and integrity, and our loyalties.

Objectivity - is the cornerstone of quality investment advice and programs. Objectivity allows for the best possible client specific recommendations. Without it, conflicts driven by proprietary products, business models and compensation arrangements can insinuate and detract from the objectivity inherent in an optimal, fiduciary quality investment program.

Advocacy - actively advocating our client's interest in the investment marketplace is central to our mission. The intent and ability to invest prudently, deliver returns, manage risk, and control costs, are the central functions of a true investment advocate.

Fiduciary Responsibility - defined as the responsibility to act solely on the client's behalf, and a defining requirement of the Registered Investment Advisor registration, Clothier Springs Capital Management accepts this responsibility for all clients.

Knowledge - in a rapidly advancing investment marketplace, we strive to stay abreast of developments in investment theory and best practices. Clothier Springs Capital Management is a learning, knowledge-based investment firm.

Evolve and Adapt - evolving and adapting are critical to a successful investment firm . As investment knowledge grows, so too must we grow, evolve and adapt, to remain current and competitive, ever mindful of the enduring truths.

Ethics - professional and personal ethical behavior underpins all of our advice, recommendations and actions. To the professional code (see next page) we observe, we add that our low fee schedule is an additional aspect of our ethical values.

The CFA Institute Asset Manager Code of Professional Conduct

Supported by specific guidance, the general principles of the Code state that investment managers have these responsibilities to their clients:

- › To act in a professional and ethical manner at all times
- › To act for the benefit of clients
- › To act with independence and objectivity
- › To act with skill, competence, and diligence
- › To communicate with clients in a timely and accurate manner
- › To uphold the rules governing capital markets





CHOICES

With doors to investment advice and products everywhere, how do you know the door before you has a real future on the other side?

There are any number of financial professionals operating in a wide variety of business models with a broad array of service and product offerings and compensation arrangements who would be happy to have your business. And to be sure, all of them will deliver some kind of result. The real question is: “will it be the result you require?”

Resolving the Tension In Your Favor

We offer our services—for one low, asset based fee. While we are entrepreneurs and have to cover our costs to carry on, we recognize the permanent tension between net investment returns and our business results. Clients earn net returns after costs. Keeping our fees low serves our clients as they earn better net returns and helps us compete. At Clothier Springs Capital Management we resolve that tension in your favor.

Helping Clients Make Informed Decisions

The choices available to investors in the financial services arena today are vast and growing. The permutations are essentially infinite. In seeking investment advice, one needs to make a number of choices. These choices include: a vendor; an SEC registration; a business model; a firm’s size; professional capabilities and credentials; investment services and strategies; portfolios and products; securities and asset classes; packaging; pricing; compensation; and others.

The business model and cost structure of the vendor you choose will be as important as the investment program and products they offer.

The choices you make will directly affect your ability to earn your required return in the capital markets. Make the right choices and the potential to invest successfully expands exponentially. Make the wrong ones and achieving your goals and objectives will be an unproductive and expensive pursuit.

A Word About Market Volatility

As J.P. Morgan famously said long ago: “the markets will fluctuate.” It is an inescapable truism. Fiduciary investing in the capital markets requires committing capital to market exposures. In the public markets where securities are priced and traded daily in real time, those prices fluctuate. From time to time, economic events create heightened uncertainty which in turn causes many market participants to seek the comfort of holding cash. As such, market prices suffer, valuations drop and investor anxiety elevates. This will never change. The right response is to do nothing.



“At the end of the day what really sets Clothier Springs Capital Management apart is **structure: business and portfolio.**

There are a lot of smart people in financial services. It seems like most of them use their smarts to extract lavish fees from clients and justify their high fees with tales of sophistication and empty promises of lush performance, to enrich themselves.

We’ve taken the opposite approach: we opted to build ultra low-cost, optimally efficient portfolios that capture structural market returns and then manage our business and cost **structure to be able to deliver those portfolios at a fair price.**

Our clients reap the better net return rewards.”

Our Investment Services

Global Wealth Portfolios | CSCM Model Portfolios | Wealth Management

We build and manage institutional-quality, customized multi-asset class strategies of Exchange Traded Funds (ETFs) that are globally allocated, broadly diversified, liquid and transparent and ultra-low-cost. Tailored to your unique return and risk preferences for advisory clients, these portfolios scale efficiently from small to very large. Implemented within a Wealth Management package for private clients. Available as Model Portfolios for Small Institutions, Family Offices and RIAs.

Outsourced CIO

For institutions and family offices that chooses not to maintain and finance an in-house investment staff and would rather not have to interface with numerous vendors, custodians, managers, consultants and others. Our Global Wealth Portfolios (see above) are available as stand-alone, holistic, institutional quality, fiduciary investment portfolios.

The structurALPHA Strategies

Rules-based option hedging protocol strategies that track to Chicago Board Options Exchange (CBOE) Hedged Benchmarks. These strategies enhance returns, increase income, limit risk and provide positive return and market capture asymmetry. Suitable as discrete stand-alone strategies or as an allocation within a broader allocation, such as our Global Wealth Portfolios.

Clothier Springs Capital Partners LLC

Clothier Springs Real Estate Income Partners LLC

Two partnerships for direct investment in private real estate equity & debt for accredited and institutional investors seeking the superior structural returns available from alternative lending yields, value-added activities, developer profits, prudent real estate leverage and capturing the illiquidity premium, backed by tangible real assets.

Derivative Consulting

For local municipalities and other entities seeking to finance a project and considering entering into a derivative transaction marketed by a Wall Street firm to hedge a risk, we offer an independent second opinion as to the risk, reward and cost characteristics of the transaction and as to whether the transaction will in fact accomplish what your entity requires.

Defined Contribution Consulting

Consulting plan sponsors, trustees and participants regarding vendors, products, asset classes, individual funds and costs. Participant specific advice regarding selections, asset allocation, risk management, funding levels, etc.

CLOTHIER SPRINGS CAPITAL MANAGEMENT



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Founded in 2010 by Thomas F. McKeon CFA, Clothier Springs Capital Management is an independent Registered Investment Advisor.

We advise and manage wealth, portfolios and discrete strategies for private and institutional asset owners. Fiduciary investment advice, wealth management & planning, investment counseling and discretionary portfolio management is our only business. We answer and are accountable solely to our clients.

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