

**Item 1 – Cover Page  
Form ADV Part 2A Brochure**

**Clements Investment Management, Inc.**

**CRD# 168857**

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805-443-4103**

**WWW.MPCLEMENTS.COM**

**January 2, 2025**

This brochure provides information about the qualifications and business practices of Clements Investment Management, Inc. If you have any questions about the contents of this brochure, please contact us at 805-443-4103, or by email at [matt@mpclements.com](mailto:matt@mpclements.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. Registration does not imply a certain level of skill or training.

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

**Item 2 – Material Changes**

February 10, 2024 – Item 1 was amended to disclose a new website address.

March 18, 2024 – Item 1 was amended to reflect a new principal office address.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was December 26, 2023.

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## **Item 4 – Advisory Business**

### **Firm Description**

Clements Investment Management, Inc. hereinafter ("the Adviser, Firm, or Clements Investment Management") is a state registered investment adviser. The Adviser was formed as a Corporation under the laws of California in October 2013.

The Adviser is a fee-only investment management. The firm does not sell securities on a commission basis. However, there may be some associated persons who are in other fields where they receive commissions as compensation. The firm is not affiliated with entities that sell financial products or securities.

The Adviser is in the business of selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The Adviser is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. The Adviser directly or indirectly compensates for client referrals.

The Adviser does not act as a custodian of client assets and the client always maintains asset control.

Matt Clements, Managing Principal is the 100% owner of the firm.

### **Types of Advisory Services**

The Adviser provides investment supervisory services, also known as asset management services, and furnishes investment advice through consultations.

As of October 31, 2024 the Adviser manages approximately \$26,000,000 in discretionary client assets under management, and no non-discretionary client assets.

### **Investment Management Agreement**

As part of the investment management service, all aspects of the client's financial affairs are reviewed and realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis. The Adviser periodically reviews a client's financial situation and portfolio through regular contact with the client, which always includes an annual meeting with the client. The Adviser makes use of portfolio rebalancing software to maintain client allocations according to the Investment Policy Statement in effect.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. The agreement sets forth the services to be provided, the fees for the service and either party in writing at any time may terminate the agreement.



**Asset Management**

Investments may also include equities (stocks), corporate debt securities, municipal securities, investment company securities and mutual funds shares) and U. S. government securities.

Assets are invested primarily in no-load or low-load mutual funds and exchange- traded funds, usually through brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. The Adviser does not receive any compensation, in any form, from fund companies.

Initial public offerings (IPOs) are not available through the Adviser.

**Sub-Advisory Services**

The Adviser does not utilize any third-party money managers.

**Wrap Program**

The Adviser does not sponsor a wrap program.

**Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying the Adviser in writing. Clients shall be charged pro rata for services provided through to the date of termination. If the client made an advance payment, the Adviser will refund any unearned portion of the advance payment.

The Adviser may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, the Adviser will refund any unearned portion of the advance payment.

The Adviser reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in the Adviser's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded.

Please note in accordance with California Code of Regulations Section 260.235.2

- (a) A conflict may exist between the firm and the interests of the client,
- (b) Client is under no obligation to act upon the firm's recommendation,
- (c) If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the firm.

**Item 5 – Fees and Compensation****Investment Management**

The Adviser bases its fees on a percentage of assets under management. Fees are deducted from the client's accounts quarterly. Clients pay their fee in advance and may

obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination. The investment management fees are negotiable at the sole discretion of the Adviser.

#### **Other Portfolio Management Costs to the Client**

Portfolio Management clients incur expenses related to maintaining their account and associated with trading or investing. These costs are in addition to the fees that the adviser charges. The most basic and common are broker related costs which include trade commissions and any fees that may be related to the account (more detail is available under Item 12 - Broker Practices). Typical costs also include broker charges for corporate restructures, transfer charges, and margin interest.

Less obvious, but perhaps more significant, may be costs imbedded in the price of managed products like mutual funds, exchange traded funds and money market securities that detract over time from the net asset value. The adviser's fees are separate from these fees, and we do not share in these fees. Other less obvious costs may result from trading, from absorbing the difference in the bid / ask spread on traded securities, or differences between transactions and Net Asset Value.

A client could invest in the securities we hold (stocks, bonds, mutual funds and / or ETF's) directly, without the services or fees from the adviser. Lower fees for comparable services may be available from other sources. In that case, the client would not receive the services provided by us, which are designed, among other things, to assist the client in determining which investments and strategies are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds, ETFs and brokerage and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate advisory services being provided.

<b>Annualized Investment Management Fees</b>		
<i>Account Value From</i>	<i>Account Value To</i>	<i>Annual Percentage Fee</i>
\$0	\$1,000,000	1.00%
\$1,000,001	\$2,000,000	0.75%
Over \$2,000,000		0.50%

The assessed fee to the client is based upon the fee schedule noted above.

The fee calculation is as follows: Fee is based on the balance multiplied by the annual rate, divided by 365 (days in year), multiplied by the days in the billing period. For

example, \$100,000 account balance with an annual fee of 1% for the last quarter of the year would be:

$$(\$100,000 \times 0.01) / 365 \times 92 = \$252.05$$

Clements Investment Management, Inc. assesses its assets under management fee and on a quarterly basis, payable in advance. The custodian holding the Clients' funds and securities if the following requirements are met will make payment of fees:

- a) The Client provides written authorization permitting the fees to be paid directly from the Client's account held by the custodian. The Adviser does not have access to Client funds for payment of fees without Client consent in writing.
- b) The Adviser sends the Client an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated. Clements Investment Management, Inc. will send an invoice to the custodian indicating only the amount of the fees to be paid by the custodian.
- c) It is disclosed to the Client that it is the Client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fees are properly calculated.
- d) The custodian agrees to provide the Client with trade confirmations and account statements, at least quarterly, indicating amounts dispersed from the account including the amount of the Advisory fee paid directly to Clements Investment Management Inc. Client will request that Clements Investment Management Inc. receive duplicate account statements. Where available, electronic access to such statements will be granted.

However, if the Client chooses to be billed directly, Advisory fees will be due within 30 days of receipt of invoice.

Clients are hereby advised that all fees paid to Clements Investment Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (as described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, transaction charges may be incurred when purchasing or selling securities. Clements Investment Management Inc. does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the Client funds or securities. The Client should review all fees charged by mutual funds, Clements Investment Management Inc., and others to fully understand the total amount of fees to be paid by the Client.

Adviser Fees may be negotiable, based on the discretion of the firm principal.

In accordance with California Code of Regulations (CCR) Section 260.238(j), lower fees for comparable services may be available from other sources.

The investment adviser notifies the Commissioner in writing that the IA intends to use the safeguards provided in this paragraph (b) (3). Such notification is required to be

given on Form ADV. Fees will not be debited without prior signed client approval.

**Item 6 – Performance Fees**

Fees are not based on a share of the capital gains or capital appreciation of managed securities. However, the Adviser may employ certain types of investments that do charge a performance fee in which the Adviser does not participate.

**Item 7 – Types of Clients**

The Adviser generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, and possible corporations. Client relationships vary in scope and length of service.

**Account Minimums**

The adviser does not require a minimum account size.

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

**Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

**Investment Strategies**

Strategies may include long-term purchases, short-term purchases, short sales, margin transactions and trading.

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core approach. This means that we use passively managed index and exchange-traded funds as the core investments, and then add actively managed funds where there are greater opportunities to make a difference. Portfolios are generally globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an investment objectives statement that documents his or her objectives and their desired investment strategy.

From time to time, some of the Adviser's investment strategies involve frequent trading. As a result, these strategies will incur higher transaction costs, which are costs, assessed to client/investor portfolios. These costs will commensurately reduce portfolio returns relative to a strategy that requires a lower level of trading.

## **Market, Security and Regulatory Risks**

Any investment with the Adviser involves significant risk, including a complete loss of capital and conflicts of interest. All investment programs have certain risks that are borne by the investor, which are described below:

### **Market Risks:**

Competition. The securities industry and the varied strategies and techniques to be engaged in by the Adviser are extremely competitive and each involves a degree of risk. The Adviser will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of the Adviser substantially depends upon it correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Adviser cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Clements Investment Management's Investment Activities. The Adviser's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Adviser. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Adviser to realize profits.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of the Adviser and/or its affiliates, certain principals or employees of the Adviser and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Adviser will not be free to act upon any such information. Due to these restrictions, the Adviser may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information. The Adviser selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and sometimes seeks independent corroboration when it has considered appropriate and reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Investments in Undervalued Securities. The Adviser intends to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the

Adviser's investments may not adequately compensate for the business and financial risks assumed.

Small Companies. The Adviser may invest a portion of its assets in small and/or unseasoned companies with small market capitalization. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations.

Advantage. When deemed appropriate by the Adviser and subject to applicable regulations, the Adviser may incur leverage in its investment program, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

Market or Interest Rate Risk. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the Adviser holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Adviser's performance; however, if the Adviser has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Adviser.

Fixed Income Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Adviser is exposed to reinvestment rate risk - the Adviser will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Adviser purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the Adviser is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security.

Investments in Non-U.S. Investments. From time to time, the Adviser may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and

otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Foreign securities and other assets often trade in currencies other than the U.S. dollar, and the Adviser may directly hold foreign currencies, purchase, and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Adviser's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Adviser's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the Adviser's foreign currency holdings. If the Adviser enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Adviser enters forward contracts for increasing return, it may sustain losses.
- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Risk of Default or Bankruptcy of Third Parties. The Adviser may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, the Adviser could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid.

Regulatory Risks:

Strategy Restrictions. Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Adviser may engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel and accountants to determine what restrictions may apply and whether an investment in the Adviser is appropriate.

Trading Limitations. For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could

render certain strategies difficult to complete or continue and subject the Adviser to loss. In addition, such a suspension could render it impossible for the Adviser to liquidate positions and thereby expose the Adviser to potential losses.

Conflicts of Interest: In the administration of client accounts, portfolios and financial reporting, the Adviser faces inherent conflicts of interest, which are described in this brochure. Generally, the Adviser mitigates these conflicts through its Code of Ethics, which provides that the client's interest be always held above that of the Firm and its associated persons.

Supervision of Trading Operations. The Adviser, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the portfolio accounts to ensure compliance with firm and client objectives. Despite the Adviser's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in portfolio accounts.

Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

Security Specific Risks:

Liquidity: Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an exchange are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in price level in a liquidation situation.

Currency: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Limited Liquidity of Interests. An investment in a partnership usually involves substantial restrictions on liquidity and its interests are not freely transferable. There is no market for these interests and no market should be expected to develop. Additionally, transfers are usually subject to the consent of the general partner at the general partner's sole discretion.

Lack of Registration: Funds or LP interests have neither been registered under the Securities Act nor under the securities or "blue sky", laws of any state and, therefore, are subject to transfer restrictions.

Withdrawal of Capital: The ability to withdraw funds from the funds or LP interests is usually restricted in accordance with the withdrawal provisions contained in an Offering Memorandum. In addition, substantial withdrawals by investors within a short period of time could require a fund to liquidate securities positions and other investments more rapidly than would otherwise be desirable, possibly reducing the value of the fund's assets and/or disrupting the fund's investment strategy.



**Item 9 – Legal and Disciplinary**

Neither Clements Investment Management, Inc. nor its management persons have had any legal or disciplinary events, currently or in the past.

**Item 10 – Other Financial Industry Activities and Affiliation Affiliations**

Mr. Clements is also an insurance agent/broker of various insurance companies. In this capacity he may recommend securities, insurance, advisory, or other products, and receive normal securities transactions commissions if products are purchased through any firms with which he is affiliated. Thus, a conflict of interest exists between the interests of Mr. Clements and those of the advisory clients. Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations. To the extent that an Advisor representative recommends the purchase of other investment products where the representative receives commissions for doing so, a conflict of interest exists because the representative may have an incentive to make recommendations based on the compensation received rather than on a client's needs.

The Advisor has also adopted certain procedures designed to mitigate the effects of these conflicts. For example, as part of Advisor's fiduciary duty to clients, the Advisor and its representatives will endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients at the time of entering into an advisory agreement. All material conflicts of interests have been disclosed in accordance with California Code of Regulations Section 260.238(k). Clients are under no obligation to act upon any recommendations of Mr. Clements or effect any transactions through him if they decide to follow the recommendations. Mr. Clements is not registered as a broker-dealer or registered representative of a broker-dealer, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities. He does not have a pending application to register with any of the foregoing entities. He does not recommend or select other investment advisers for clients. Please see Brochure Supplements for each for further information.

No conflict of interest exists at this time, however if one should arise the firm will be in compliance with CCR Section 260.235.2 California Department of Business Oversight.

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

The Adviser has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It

requires supervised persons to report their personal securities transactions and holdings quarterly to the Adviser's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Adviser's Compliance Officer. Each supervised person of the Adviser receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of the Adviser's Code of Ethics by contacting the Compliance Officer of the Adviser.

#### **Participation or Interest in Client Transactions**

Under the Adviser's Code of Ethics, the Adviser and its managers, members, officers and employees may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients. If an issue is purchased or sold for clients and any of the Adviser, managers, members, officers and employees on the same day purchase or sell the same security, either the clients and the Adviser, managers, members, officers or employees shall receive or pay the same price or the clients shall receive a more favorable price. The Adviser and its managers, members, officers and employee may also buy or sell specific securities for their own accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

#### **Personal Trading**

The Chief Compliance Officer of the Adviser is Mattawe P. Clements. He reviews all employee trades each quarter. The personal trading reviews ensure that personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

### **Item 12 – Brokerage Practices**

#### **Brokerage Selection and Soft Dollars**

The Adviser has the authority over the selection of the broker to be used and the commission rates to be paid without obtaining specific client consent. The Adviser may recommend brokerage firms as qualified custodians and for trade execution.

In selecting brokers or dealers to execute transactions, Advisor will seek to achieve the best execution possible but this does not require it to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Advisor is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (i.e., "soft dollars") provided by the broker which are included in the commission rate. Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistical and pricing services, as well as discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the

investment management process. It is the policy and practice of the Adviser to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. Nevertheless, it is understood that the Adviser may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer may charge so long as it is in compliance with Section 28(e), and the Adviser makes no warranty or representation regarding compensation paid on transactions. In negotiating mark-ups or mark-downs, the Adviser will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided. The Adviser has no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities.

### **Order Aggregation**

From time to time the Adviser may purchase and/or sell the same security for many accounts, even though each Client account is individually managed. Clients in aggregated transactions each receive the same price per unit, although they may pay differing brokerage commissions depending upon the nature of their directed brokerage arrangement, if any.

If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will receive the average price paid for the block of securities in the same aggregated transaction for the day. If the Adviser is unable to fill an aggregated transaction completely, but receives a partial fill of the aggregated transaction, the Adviser will allocate the filled portion of the transaction to clients based on an equitable rotational system as follows:

- The Adviser must ensure that adequate and full disclosure of its allocation and bunching practices has been made prior to the transaction.
- All clients/investors, accounts or funds participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis.
- Aggregate transactions must not be executed unless the intended and resultant aggregation is consistent with its duty to seek best execution and any terms found in the Adviser's written agreements.
- Aggregated orders filled in their entirety shall be allocated among clients/investors, accounts or funds in accordance with an allocation statement created prior to the execution of the transaction(s); partially filled orders shall be allocated pro-rata based on the allocation statement and the variance from the modeled allocation of a security. Where this method prescribes an odd-lot that is less than 100 shares for an account, the allocation will be rounded up to a whole lot. Client/investor funds held collectively for the purpose of

completing the transaction may not be held in this commingled manner for any longer than is practical to settle the transaction.

- Each client/investor, account or fund that participates in an aggregated order will participate at the average share price for all the Adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client/investor's, account's or fund's participation in the transaction.
- Investments resulting from any aggregated order must be consistent with the specific investment objective(s) of each client/investor, account or fund as detailed in any written agreements. No additional compensation shall result from the proposed allocation. No Client/investor, account or fund will be favored over any other Client/investor, account or fund as a result of the allocation.
- Pre-allocation statement(s) specifying the participating Client/investor accounts and the proposed method to allocate the order among the clients/investors, accounts or funds are required prior to any allocated order. Basis for establishing pre-allocations may include pro-rata of account assets to assets for the specific strategy, executing broker and variance from modeled position holding as factors. Should the actual allocation differ from the allocation statement, such trade may only be settled with the approval of the CCO or another appropriately qualified and authorized principal of the Adviser.

In cases where the Client has negotiated the commission-rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the Client will be precluded from receiving the benefit of any, possible commission discounts that might otherwise be available a result of the aggregated trade.

#### **Directing Brokerage for Client Referrals**

The Adviser and its associated persons do not receive client referrals from broker dealers or third parties as consideration for selecting or recommending brokers for client accounts.

#### **Directed Brokerage**

The Adviser allows clients to direct brokerage but the Adviser does not require clients to direct brokerage. In the event that a client directs the Adviser to use a particular broker or dealer, the Adviser may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct the Adviser to use a particular broker or dealer and other clients who do not direct Advisor to use a particular broker or dealer which may result in higher trading expenses to the client who directs brokerage. The Adviser may place orders for transactions in certain securities initially only for those accounts which are held in custody at banks or at brokerage firms that permit the Adviser to place trades for accounts held in custody at that firm with other brokerage firms. Therefore, accounts held in custody at firms which do not permit the

Adviser to place transactions with other brokerage firms may not be able to participate in the initial transaction and may not be able to participate in the same gains or losses as other Clients whose accounts are not so restricted. In cases where trading or investment restrictions are placed on a Client's account, the Adviser may be precluded from aggregating that Client's transaction with other accounts which may result in less favorable security prices and/or higher transaction costs.

### **Item 13 – Review of Accounts**

#### **Periodic Reviews**

Matt Clements, Managing Principal and CCO, performs account reviews quarterly. He considers the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

#### **Review Triggers**

Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's financial or personal situation.

#### **Regular Reports**

Clients receive periodic reports on at least a quarterly basis. The written reports may include account valuation, performance stated in dollars and as a percent, net worth statement, portfolio statement, and a summary of objectives and progress towards meeting those objectives. Clients receive statements of account positions no less than quarterly from the account custodian.

### **Item 14 – Client Referrals and Other**

#### **Compensation Incoming Client Referrals**

The Adviser receives client referrals which may come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

#### **Referrals to Third Parties**

The Adviser does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

### **Item 15 – Custody**

#### **Custody Policy**

The Adviser does not accept or permit the Firm or its associated persons from obtaining custody of client assets including cash, securities, acting as trustee, provide bill paying service, have password access to control account activity or any other form of controlling client assets. All checks or wire transfer to fund client accounts are required to be made out to/sent to the account custodian.

**Account Statements**

All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

As a result of the firm deducting client fees directly from their respective accounts the following safeguards will be adhered to in accordance with state regulations:

A. The investment adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.

B. The investment adviser has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.

C. Each time a fee is directly deducted from a client account, the investment adviser concurrently:

- Sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and
- sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

D. The investment adviser notifies the Commissioner in writing that the investment adviser intends to deduct fees and use the safeguards. Such notification is required to be given on Form ADV.

**Item 16 – Investment Discretion**

The Adviser manages assets on either a discretionary or non-discretionary basis. Investment discretion means that the Adviser will have discretion to select the securities and the amount of securities to be bought or sold in client accounts without discussing the trades with the client before each trade. For non-discretionary accounts, the Adviser will consult with the client prior to each trade in order to obtain client approval for the transaction(s).

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Adviser will be in accordance with each client's investment objectives and goals.

The client provides the firm confirmation to select the custodian to be used and the commission rates paid to the Adviser. The Adviser does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

**Item 17 – Voting Client Securities**

The Adviser will not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. The Adviser does not give any advice or take any action with respect to the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. The Adviser promptly passes along any proxy voting information to the clients or their representatives.

**Item 18 – Financial Information**

The Adviser does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. The Adviser meets all net capital requirements that it is subject to and the Adviser has not been the subject of a bankruptcy petition in the last 10 years.

The Adviser is not required to provide a balance sheet as it does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$500 per client, and six months or more in advance.

**Item 19 – Requirements for State Registered Advisers****Identify Management**

Mattawe P. Clements. See ADV Part 2B.

**Outside Business Activities**

See ADV Part 2B.

**Compensation**

Mr. Clements is not compensated for advisory services with performance-based fees.

**Awards**

Management of Clements Investment Management, Inc. have not been found liable in any arbitration, civil or disciplinary actions or administrative proceedings.

**Issuers of Securities**

There are no material relationships maintained by Clements Investment Management, Inc. or its management persons with any issuers of securities.

In accordance with CCR Section 260.238 (k) all material conflict of interests are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

**Item 1 – Cover Page  
Form ADV Part 2B Brochure**

**Mattawe P. Clements, Managing Principal**  
**CRD# 2165191**

**Clements Investment Management, Inc.**

**7034 Highway 66  
Ashland OR 97520  
805-443-4103**

**January 2, 2025**

This brochure supplement provides information about Mattawe P. Clements that supplements the Clements Investment Management, Inc. brochure. You should have received a copy of that brochure. Please contact Mattawe P. Clements if you did not receive Clements Investment Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Mattawe P. Clements is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2 – Educational Background and Business Experience**

Mattawe P. Clements, Managing Principal was born in 1956. Mr. Clements attended the University of Nevada, Reno (no degree). Mr. Clements has been the Managing Principal of Clements Investment Management, Inc. since August 2013. Previously, Mr. Clements was a Financial Advisory for Penniall and Associates (October 2011 to January 2014, a Registered Representative with United Planners Financial Services (October 2011 to October 2013), and a Financial Advisor with World Equity Group, Inc. (September 2010 to October 2011).

## **Item 3 – Disciplinary Information**

There are no legal or disciplinary events or proceedings to report concerning Mr. Clements.

## **Item 4 – Other Business Activities**

Mr. Clements is not actively engaged in any investment-related business or occupation outside of Clements Investment Management, Inc.

Mr. Clements is also an insurance agent/broker of various insurance companies and conducts that business under the name MP Clements Insurance and Financial Services. In this capacity he may recommend securities, insurance, advisory, or other products, and receive normal securities transactions commissions if products are purchased through any firms with which he is affiliated. Thus, a conflict of interest exists between the interests of Mr. Clements and those of the advisory clients. Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations. To the extent that an Advisor representative recommends the purchase of other investment products where the representative receives commissions for doing so, a conflict of interest exists because the representative may have an incentive to make recommendations based on the compensation received rather than on a client's needs.

## **Item 5 – Additional Compensation**

Mr. Clements does not receive compensation or other economic benefit from anyone who is not a client for providing advisory services.

## **Item 6 – Supervision**

Mattawe P. Clements is the Managing Principal and Chief Compliance Officer of Clements Investment Management, Inc. and can be reached at 805-443-4103 and is the only individual that provides investment advice to clients. As a single person firm, Mr. Clements cannot be supervised, but is a fiduciary by law and is required to act in the best interests of clients.

**Item 7 – Requirements for State-Registered Advisers**

Mr. Clements has not been involved in an award or found liable in an arbitration claim, civil, or self-regulatory organization event or administrative proceeding, or been the subject of a bankruptcy petition.