



Clarion Newsletter

April 2012

President's Message Centaurus Financial, Inc.

They say the only constant in life is change and that change is inevitable. As you read in my recent email, we have changed Broker/Dealers after nearly eleven years at Pacific West Securities. While we had no intention of transferring to a new B/D, in hind sight we now realize we had no idea what we were missing. It is the old adage coming true once again; you don't know what you don't know until you know it.

There are several reasons why we feel Centaurus is a better B/D for our clients and for ClearView, but the main reason is Centaurus offers us almost everything we have been able to provide through PWS, plus much, much more. They have a broader and deeper platform of investments, including most of the same products we have provided to clients over the years. They have a much more robust and advanced technology platform to automate our business, enabling us to provide more and better services, as well as enhanced tracking and reporting of our clients' investment accounts. They have several tactically managed fee based product offerings for clients seeking liquidity and exposure to the stock market. We will continue to focus on asset preservation strategies as in the past, but now we can also add investment options for clients seeking long term growth as well as growth and income within liquid investments in the equity markets.

The founding partners have spent most, if not all, of their careers in

(Continued on page 4)



Contact Us
866-557-1031

Special Client Event
Visit to
Swedish Hospital in
Issaquah, WA
April 26, 2012
9:30-11:00 am
Contact us for more
information

TAX TIME
It is tax time once again. Most of the companies with whom our clients invest strive to mail all tax related documents between February 15 and March 15. If you have not received your tax documents, please call us for assistance.

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What are the Alternatives?

By Bob Cannon

For many decades there were no alternative investments available to the average investor. Local real estate plus stocks and bonds in one form or another were the investments of choice and necessity for most Americans. The majority of us have our net worth committed to our home and retirement plan (401k, SEP or IRA). Putting all one's eggs in just two baskets is not a very good idea.



A leading principle of modern portfolio theory and a potentially effective defensive investment strategy is broad asset allocation and diversification in non-correlated investments. This strategy alone will not ensure long term success in investing, but it can help reduce volatility and contribute to a predictable income stream.

Wealthy individuals and families as well as corporations and endowment funds have long held positions in alternative investments beyond the stock market; seeking stability, income and growth in their overall portfolio. Following the investment style of the wealthy or endowment funds may not be suitable for the average investor, but studying their long term strategies clearly shows their use of alternative investments, not just stocks and bonds.

Alternative investments have traditionally been available only to the wealthy due to the inherent risks associated with many of these investments. The basic idea was you should not invest in these products unless you could afford to lose the entire amount. Since 1940, with passage of the Investment Company Act, Congress and the government's regulatory agencies have promulgated legislation and regulations that helped create a number of public investment products providing the average investor access to both growth and income based products to diversify their portfolio, grow net worth and generate income.

Many investors today use a "three legged stool" approach to wealth management. Stocks and bonds seek to achieve long term growth of their assets and provide some income. Alternative investments are designed and intended to preserve assets and may provide monthly and/or quarterly income. Insurance products are for health and welfare, and to provide security, asset protection and tax advantages. This balanced approach to investing and wealth management can help create a stable, long term strategy to grow assets, generate income and protect and preserve wealth. This strategy should be an integral component of an overall estate plan supporting an efficient transition of family assets when the time comes.

So, what are the alternatives?

(Continued on page 3)



(Continued from page 2)

Congress has determined over time the investing public comprises three basic groups. Accredited investors (\$1M net worth excluding the home, OR \$200k annual income each of the last two calendar years, OR \$300k joint income with spouse in each of those years and a reasonable expectation to reach the same level of income in the current year) are allowed to utilize all investment products. But energy (gas and oil), Delaware Statutory Trusts or DSTs (securitized real estate, often done with 1031 exchanges), certain equipment leasing programs for accredited investors only, most managed futures funds (precious metals, energy, agriculture products, currencies, etc.) and most debt and note products (short term loan programs, mortgage pools, etc.) are available only to accredited investors. The investment period for these products is often greater than seven years and the minimum investment required is usually \$25K to \$50K.

The second group of investors (\$250K net worth, OR \$70K net worth and \$70K of annual income) now have access to public equipment leasing funds, public managed futures funds, non-traded Real Estate Investment Trusts or REITs (large scale real estate funds) and Business Development Companies or BDCs (funds investing in the equity or debt of private companies). The investment period for these products is usually five years or longer and the minimum required investment is often \$5K.

The third level of investor is considered to be non-accredited and is restricted to investing in products like stocks, bonds, mutual funds, treasuries, CDs, and money markets.

Congress has made a concerted effort over the last 70 years to give the majority of the investing public access to highly regulated products offering relatively low barriers of entry, and designed to preserve the investors' assets while generating a monthly or quarterly income stream. These "new" products allow the average investor to diversify their portfolios beyond the traditional options of home and stock market. In addition, they can help provide the income required to fund a long and financially successful retirement.

Each of these alternative products has potential risks and benefits. Investors should carefully read the Prospectus and/or Private Placement Memorandum for each investment to determine suitability before investing. Alternative products may be appropriate for qualified investors seeking diversification, asset allocation and monthly or quarterly income.



(Continued from page 1)

the financial services industry. Centaurus is a much larger B/D, with nearly two and one half times as many registered representatives, giving them a higher profile within the investment community. They have a transition plan in place to stabilize the firm as the founding partners move into retirement in years to come. They are heavily capitalized and have pre-funded their long term growth strategy. Each month they turn excess profits back into the firm to fund operations and ensure their financial stability. They share our commitment to client service and truly understand their role in supporting the long term relationship between ClearView and our clients. We believe they provide excellent due diligence on investment products and create an environment of regulatory compliance compatible with our values and objectives. We chose Centaurus because they were the best Broker/Dealer for our clients, our practice and our future.

We truly could not be more pleased to be licensed through Centaurus Financial, Inc. I want to ensure you this transition will not adversely impact you or your relationship with ClearView. In fact, we believe this is a great example that some change is good change. Please call me if you have any questions. I look forward to speaking with you again soon .

Thought for the day

You can't invest through the rearview mirror.