THE CLEARWATER INVESTMENT FUND  
  
INVESTMENT ADVISORY AGREEMENT  
  
  
 This AGREEMENT made this \_\_\_ day of \_\_\_\_\_\_\_\_\_, 2003, between THE  
CLEARWATER INVESTMENT FUND, a Delaware statutory trust (referred to  
herein as the "Trust") and Clearwater Asset Management, L.L.C, a  
Delaware limited liability company, (referred to herein as "Investment  
Adviser."), to provide certain advisory services to certain series of  
shares of beneficial interest in the Trust as listed on the attached  
Schedule A to this Agreement (each a "Fund," collectively the  
"Funds"). In consideration of the mutual covenants contained herein, the  
parties agree as follows:  
  
The Trust is registered as an open-end investment company registered  
under the Investment Company Act of 1940 ("1940 Act"), and consists of  
more than one series of shares, including the Funds. In managing the  
Funds, as well as in the conduct of certain of its affairs, the Trust  
wishes to have the benefit of the investment advisory services of  
Clearwater Asset Management, LLC, and its assistance in performing  
certain management, administrative and promotional functions.  
Clearwater Asset Management, LLC desires to furnish services for the  
Trust and to perform the functions assigned to it under this Agreement  
for the considerations provided. Accordingly, the parties have agreed  
as follows:  
  
1. APPOINTMENT OF INVESTMENT ADVISER  
  
 The Investment Adviser undertakes to act as Investment Adviser to,  
and, subject to the supervision of the Trustees of the Trust and the  
terms of this Agreement, to manage the investment and reinvestment of the  
assets of the Trust. In all matters relating to the performance of this  
Agreement, Clearwater Asset Management, LLC will act in conformity  
with the Trust's Declaration of Trust, Bylaws and current registration  
statement applicable to the Funds as it may be supplemented from time  
to time, and with the instructions and direction of the Board of  
Trustees of the Trust, and will conform to and comply with the 1940  
Act and all other applicable federal or state laws and regulations.  
The Investment Adviser will be an independent contractor and will have no  
authority to act for or represent the Trust in any way except as  
expressly authorized in this Agreement or writing by the Trust.  
  
2. SERVICES TO BE RENDERED BY THE INVESTMENT ADVISER TO THE TRUST  
  
a. Subject always to the direction and control of the Trustees of the  
Trust, the Investment Adviser will manage the investments and  
determine the composition of the assets of the Funds in accordance  
with the Registration Statement (as defined below). In fulfilling  
its obligations to manage the investments and reinvestments of the  
assets of the Funds, the Investment Adviser will:  
  
 i. obtain and evaluate pertinent economic, statistical,  
financial and other information affecting the economy  
generally and individual companies or industries the  
securities of which are included in the Funds or are under  
consideration for inclusion in the Funds;  
  
 ii. formulate and implement a continuous investment program for  
each Fund consistent with the investment objectives and  
related investment policies for each such Fund as described  
in the Registration Statement;  
  
 iii. take whatever steps are necessary to implement these  
investment programs by the purchase and sale of securities  
including the placing of orders for such purchases and sales;  
  
 iv. regularly report to the Trustees of the Trust with respect to  
the implementation of these investment programs; and  
  
b. The Investment Adviser, at its expense, will furnish (i) all neces-  
sary investment and management facilities, including salaries of  
personnel required for it to execute its duties faithfully, and  
(ii) administrative facilities, including bookkeeping, clerical  
personnel and equipment necessary for the efficient conduct of the  
investment affairs of the Trust.  
  
c. The Investment Adviser will, consistent with its duty of best  
execution, select brokers and dealers to effect all transactions  
subject to the following conditions: The Investment Adviser will  
place all necessary orders with brokers, dealers, or issuers, and  
will negotiate brokerage commissions if applicable. The Investment  
Adviser is directed at all times to seek to execute brokerage  
transactions for the Funds in accordance with such policies or  
practices as may be established by the Trustees and described in  
the Registration Statement. The Investment Adviser may pay a  
broker-dealer which provides research and brokerage services a  
higher spread or commission for a particular transaction than  
otherwise might have been charged by another broker-dealer, if the  
Investment Adviser determines that the higher spread or commission  
is reasonable in relation to the value of the brokerage and  
research services that such broker-dealer provides, viewed in terms  
of either the particular transaction or the Investment Adviser's  
overall responsibilities with respect to accounts managed by the  
Investment Adviser. The Investment Adviser may use for the benefit  
of the Investment Adviser's other clients, or make available to  
companies affiliated with the Investment Adviser or to its  
directors for the benefit of its clients, any such brokerage and  
research services that the Investment Adviser obtains from brokers  
or dealers.  
  
d. On occasions when the Investment Adviser deems the purchase or sale  
of a security to be in the best interest of the Funds as well as  
other clients of the Investment Adviser, the Investment Adviser to  
the extent permitted by applicable laws and regulations, may, but  
shall be under no obligation to, aggregate the securities to be  
purchased or sold to attempt to obtain a more favorable price or  
lower brokerage commissions and efficient execution. In such  
event, allocation of the securities so purchased or sold, as well  
as the expenses incurred in the transaction, will be made by the  
Investment Adviser in the manner the Investment Adviser considers  
to be the most equitable and consistent with its fiduciary  
obligations to the Funds and to its other clients.  
  
e. The Investment Adviser will maintain all accounts, books and  
records with respect to the Trust as are required of an investment  
adviser of a registered investment company pursuant to the  
Investment Company Act of 1940 (the "Investment Company Act") and  
Investment Advisers Act of 1940 (the "Investment Advisers Act") and  
the rules thereunder.  
  
3. COMPENSATION OF INVESTMENT ADVISER  
  
 The Trust will pay the Investment Adviser, with respect to each  
Fund, the compensation specified in Schedule A to this Agreement.  
  
4. LIABILITY OF INVESTMENT ADVISER  
  
 Neither the Investment Adviser nor any of its directors, officers  
or employees shall be liable to the Trust for any error of judgment or  
mistake of law or for any loss suffered by the Trust in connection with  
the matters to which this Agreement relates except for losses resulting  
from willful misfeasance, bad faith or gross negligence in the  
performance of, or from the reckless disregard of, the duties of the  
Investment Adviser or any of its directors.  
  
5. CONFLICTS OF INTEREST  
  
 It is understood that trustees, officers, agents and shareholders  
of the Trust are or may be interested in the Investment Adviser as  
trustees, officers, partners or otherwise; that employees, agents and  
partners of the Investment Adviser are or may be interested in the Trust  
as trustees, officers, shareholders or otherwise; that the Investment  
Adviser may be interested in the Trust; and that the existence of any  
such dual interest shall not affect the validity hereof or of any  
transactions hereunder except as otherwise provided in the Agreement and  
Declaration of Trust of the Trust and the Articles of Incorporation of  
the Investment Adviser, respectively, or by specific provision of  
applicable law.  
  
  
6. REGULATION  
  
 The Investment Adviser shall submit to all regulatory and ad-  
ministrative bodies having jurisdiction over the services provided  
pursuant to this Agreement any information, reports or other material  
which any such body by reason of this Agreement may request or require  
pursuant to applicable laws and regulations.  
  
7. DURATION AND TERMINATION OF AGREEMENT  
  
 This Agreement shall become effective, with respect to each Fund,  
on the later of (i) its execution or (ii) the date of the meeting of the  
Board of Trustees of the Trust, at which meeting this Agreement is  
approved as described below. The Agreement will continue in effect for a  
period more than two years from the date of its execution only so long as  
such continuance is specifically approved at least annually either by the  
Trustees of the Trust or by a majority of the outstanding voting  
securities of each of the Funds, provided that in either event such  
continuance shall also be approved by the vote of a majority of the  
Trustees of the Trust who are not interested persons (as defined in the  
Investment Company Act) of any party to this Agreement cast in person at  
a meeting called for the purpose of voting on such approval. Any  
required shareholder approval of the Agreement or of any continuance of  
the Agreement shall be effective with respect to any Fund if a majority  
of the outstanding voting securities of the series (as defined in Rule  
18f-2(h) under the Investment Company Act) of shares of that Fund votes  
to approve the Agreement or its continuance, notwithstanding that the  
Agreement or its continuance may not have been approved by a majority of  
the outstanding voting securities of (a) any other Fund affected by the  
Agreement or (b) all the Funds of the Trust.  
  
 If any required shareholder approval of this Agreement or any  
continuance of the Agreement is not obtained, the Investment Adviser will  
continue to act as Investment Adviser with respect to such Fund pending  
the required approval of the Agreement or its continuance or of a new  
contract with the Investment Adviser or a different adviser or other  
definitive action; provided, that the compensation received by the  
Investment Adviser in respect of such Fund during such period is in  
compliance with Rule 15a-4 under the Investment Company Act.  
  
 This Agreement may be terminated at any time, without the payment  
of any penalty, by the Trustees of the Trust, by the vote of a majority  
of the outstanding voting securities of the Trust, or with respect to any  
Fund by the vote of a majority of the outstanding voting securities of  
such Fund, on sixty days' written notice to the Investment Adviser, or by  
the Investment Adviser on sixty days' written notice to the Trust. This  
Agreement will automatically terminate, without the payment of any  
penalty, in the event of its assignment (as defined in the Investment  
Company Act).  
  
8. PROVISION OF CERTAIN INFORMATION BY INVESTMENT ADVISER  
  
The Investment Adviser will promptly notify the Trust in writing of the  
occurrence of any of the following events:  
  
a. the Investment Adviser fails to be registered as an investment ad-  
viser under the Investment Advisers Act or under the laws of any  
jurisdiction in which the Investment Adviser is required to be  
registered as an investment adviser in order to perform its  
obligations under this Agreement;  
  
b. the Investment Adviser is served or otherwise receives notice of  
any action, suit, proceeding, inquiry or investigation, at law or  
in equity, before or by any court, public board or body, involving  
the affairs of the Investment Adviser; and  
  
c. any change in actual control or management of the Investment  
Adviser or the portfolio manager of any Fund.  
  
9. PROVISION OF CERTAIN INFORMATION BY TRUST  
  
The Trust has furnished the Investment Adviser with copies of each  
of the following documents and will furnish to the Investment  
Adviser all future amendments and supplements to such documents, if  
any, as soon as such documents become available:  
  
(1) The Declaration of Trust of the Trust, as filed  
with the State of Delaware, as in effect on the date  
hereof and as amended from time to time  
("Articles");  
  
(2) The by-laws of the Trust as in effect on the date  
hereof and as amended from time to time ("By-Laws");  
  
(3) Certified resolutions of the Board of Trustees  
approving the form of the Advisory Agreement and  
this Agreement;  
  
(4) The Trust's Registration Statement under the 1940  
Act and the Securities Act of 1933, as amended (the  
"1933 Act") on Form N-1A, as filed with the  
Securities and Exchange Commission ("SEC") relating  
to the Trust and its shares and all amendments  
thereto ("Registration Statement");  
  
(5) The Notification of Registration of the Trust under  
the 1940 Act on Form N-8A as filed with the SEC and  
any amendments thereto;  
  
(6) The Trust's (or Fund's, as applicable) most recent  
Prospectus;  
  
(7) Copies of annual and semi-annual reports filed  
pursuant to Rule 30d-1; and  
  
(8) The Trust shall furnish the Investment Adviser with  
any further documents, materials or information that  
Investment Adviser may reasonably request to enable  
it to perform its duties pursuant to this Agreement.  
  
10. SERVICES TO OTHER CLIENTS  
  
 Nothing contained in this Agreement shall limit or restrict (i)  
the freedom of the Investment Adviser, or any affiliated person  
thereof, to render investment management and corporate administrative  
services to other investment companies, to act as investment manager  
or investment counselor to other persons, firms, or corporations, or  
to engage in any other business activities, or (ii) the right of any  
director, officer, or employee of the Investment Adviser to engage in  
any other business or to devote his or her time and attention in part  
to the management or other aspects of any other business, whether of a  
similar nature or a dissimilar nature. Nothing in this Agreement  
shall impose upon the Investment Adviser any obligation to purchase or  
sell or to recommend for purchase or sale, with respect to the Fund,  
any securities which the Investment Adviser, or its officers,  
directors, employees or affiliates may purchase or sell for its or  
their own account(s) or for the account of any other client.  
Investment Adviser may give advice and take action with respect to any  
of its other accounts or for its own account, which may differ, from  
the timing or nature of action taken by the Investment Adviser with  
respect to the Fund.  
  
11. CUSTODY  
  
 Investment Adviser shall have no responsibility with respect to  
maintaining custody of the Trust's assets. Investment Adviser shall  
affirm security transactions with central depositories and advise the  
custodian of the Trust ("Custodian") or such depositories or agents  
as may be designated by Custodian and Investment Adviser promptly for  
each Fund of each purchase and sale of a portfolio security,  
specifying the name of the issuer, the description and amount or  
number of shares of the security purchased, the market price, the  
commission and gross or net price, the trade date and settlement date  
and the identity of the effecting broker or dealer. Investment  
Adviser shall from time to time provide Custodian and Trust with  
evidence of authority of its personnel who are authorized to give  
instructions to Custodian. The Trust shall instruct the Custodian to  
provide the Investment Adviser with such information as the Investment  
Adviser may reasonably request relating to daily cash levels held by  
each Fund.  
  
  
12. REPRESENTATIONS OF INVESTMENT ADVISER  
  
 The Investment Adviser represents, warrants, and agrees as  
follows:  
  
 A. The Investment Adviser: (i) is registered as an  
investment adviser under the Investment Advisers Act and will continue  
to be so registered for so long as this Agreement remains in effect;  
(ii) is not prohibited by the 1940 Act or the Advisers Act from  
performing the services contemplated by this Agreement; (iii) has met,  
and will continue to meet for so long as this Agreement remains in  
effect, any applicable federal or state requirements, or the  
applicable requirements of any regulatory or industry self-regulatory  
agency, necessary to be met in order to perform the services  
contemplated by this Agreement; (iv) has the authority to enter into  
and perform the services contemplated by this Agreement; and (v) will  
immediately notify the Trust of the occurrence of any event that would  
disqualify the Investment Adviser from serving as an investment  
adviser of an investment company pursuant to Section 9 (a) of the 1940  
Act or otherwise.  
  
 B. The Investment Adviser has adopted a written code of  
ethics complying with the requirements of Rule 17j-1 under the 1940  
Act and, if it has not already done so, will provide the Trust with a  
copy of such code of ethics, together with evidence of its adoption.  
  
 C. The Investment Adviser has provided the Trust with a  
copy of its Form ADV, as most recently filed with the SEC, and will,  
promptly after filing any material amendment to its Form ADV with the  
SEC, furnish a copy of such amendment to the Trust.  
  
 D. If not included in the Investment Adviser's Form ADV,  
the Investment Adviser has provided or will provide, in accordance  
with Rule 206(4)-6 under the Investment Advisers Act, the Trust with a  
description of its proxy voting policies and procedures.  
  
13. VOTING OF PROXIES.  
  
Unless the Trust advises Investment Adviser in writing that the  
right to vote proxies has been expressly reserved to Investment  
Adviser or the Trust or otherwise delegated to another party,  
Investment Adviser shall, consistent with its fiduciary duties under  
applicable law, exercise voting rights incident to any securities held  
in the Fund without consultation with the Trust, provided that  
Investment Adviser will follow any written instructions received from  
the Trust with respect to voting as to particular issues. Investment  
Adviser shall further respond to all corporate action matters incident  
to the securities held in each Fund including, without limitation,  
proofs of claim in bankruptcy and class action cases and shelf  
registrations. Should Investment Adviser undertake litigation against  
an issuer on behalf of accounts which it manages that are shareholders  
of such issuer, the Trust agrees, that in the event a Fund is also a  
shareholder of such issuer, to pay its proportionate share of any  
applicable legal fees associated with the action or to forfeit any  
claim to any assets Investment Adviser may recover and, in such case,  
agrees to hold Investment Adviser harmless for excluding the Fund from  
such action. In the case of class action suits involving issuers held  
by a Fund, Investment Adviser may include information about the Fund  
for purposes of participating in any settlements.  
  
In connection with voting such proxies, the Investment Adviser  
may use the services of an affiliated or nonaffiliated proxy voting  
service.  
  
14. EXPENSES.  
  
 During the term of this Agreement, Investment Adviser will bear  
all expenses incurred by it in the performance of its duties  
hereunder, other than those expenses specifically borne by a Fund or  
assumed by the Trust pursuant to the Advisory Agreement. The Fund and  
the Investment Adviser shall bear their own expenses, including but  
not limited to those expenses allocated to the Fund or the Investment  
Adviser in the Advisory Agreement, all proxy voting expenses and  
brokers' and underwriting commissions chargeable to the Fund in  
connection with the securities transactions to which the Fund is a  
party. (See Schedule A for list of expenses).  
  
15. NOTICES.  
  
 Any notice shall be sufficiently given in person, facsimile, or  
by registered mail or a private mail or delivery service providing the  
sender with notice of receipt to the parties at the address below:  
  
 If to Trust:  
  
 THE CLEARWATER INVESTMENT FUND  
 00000 Xxxx Xxxx Xxxx, Xxxxx 000  
 Xxxx Xxxxxx, XX 00000  
 Attn: Xxxxx X. Xxxxxx, Trustee  
 Telephone: (000) 000-0000  
 Fax: (000) 000-0000  
  
 If to the Investment Adviser:  
  
 Clearwater Asset Management, LLC  
 00000 Xxxx Xxxx Xxxx, Xxxxx 000  
 Xxxx Xxxxxx, XX 00000  
 Attn: Xxxxx X. Xxxxxx, CEO & President  
 Telephone: (000) 000-0000  
 Fax: (000) 000-0000  
  
16. AMENDMENTS TO THE AGREEMENT  
  
 This Agreement may be amended by the parties only if such amendment  
is specifically approved by the vote of a majority of the Trustees of the  
Trust and by the vote of a majority of the Trustees of the Trust who are  
not interested persons of any party to this Agreement cast in person at a  
meeting called for the purpose of voting on such approval. Any required  
shareholder approval shall be effective with respect to any Fund if a  
majority of the outstanding voting securities of that Fund vote to  
approve the amendment, notwithstanding that the amendment may not have  
been approved by a majority of the outstanding voting securities of (a)  
any other Fund affected by the amendment or (b) all the Funds of the  
Trust.  
  
17. ENTIRE AGREEMENT  
  
 This Agreement contains the entire understanding and agreement of  
the parties.  
  
18. HEADINGS  
  
 The headings in the sections of this Agreement are inserted for  
convenience of reference only and shall not constitute a part hereof.  
  
19. SEVERABILITY  
  
 Should any portion of this Agreement for any reason be held to be  
void in law or in equity, the Agreement shall be construed, insofar as is  
possible, as if such portion had never been contained herein.  
  
20. GOVERNING LAW  
  
 The provisions of this Agreement shall be construed and interpreted  
in accordance with the laws of the State of Florida, or any of the  
applicable provisions of the Investment Company Act. To the extent that  
the laws of the State of Florida, or any of the provisions in this  
Agreement, conflict with applicable provisions of the Investment Company  
Act, the latter shall control.  
  
  
21. LIMITATION OF LIABILITY  
  
 The Agreement and Declaration of Trust dated September 26, 2003,  
together with all amendments thereto (the "Declaration"), provides that  
the name "THE CLEARWATER INVESTMENT FUND" refers to the Trustees under  
the Declaration collectively as Trustees, but not as individuals or  
personally; and no Trustee, shareholder, officer, employee or agent of  
the Trust shall be held to any personal liability, nor shall resort be  
had to their private property, for the satisfaction of any obligation or  
claim, in connection with the affairs of the Trust or any Fund thereof,  
but only the assets belonging to the Trust, or to the particular Fund  
with respect to which such obligation or claim arose, shall be liable.  
  
Liability of Investment Adviser. Investment Adviser may rely on  
information reasonably believed by it to be accurate and reliable.  
Except as may otherwise be provided by the 1940 Act, neither  
Investment Adviser nor its officers, directors, employees or agents  
shall be subject to any liability to the Trust, the Fund or any  
shareholder of the Fund for any error of judgment, mistake of law or  
any loss arising out of any investment or other act or omission in the  
course of, connected with or arising out of any service to be rendered  
hereunder, except by reason of willful misfeasance, bad faith or gross  
negligence in its performance of its duties or by reason of reckless  
disregard of its obligations and duties under this Agreement.  
  
 IN WITNESS WHEREOF, the parties hereto have caused this Agreement  
to be executed under seal by their duly authorized officers as of the  
date first mentioned above.  
  
  
  
  
ATTEST: THE CLEARWATER INVESTMENT  
FUND  
  
  
By: By:  
  
Name: Name:  
Title: Title: Trustee  
  
  
  
  
ATTEST CLEARWATER ASSET  
MANAGEMENT, LLC.  
  
  
 By  
  
Name: Rosylee Xxx Xxxxxx Name: Xxxxx X. Xxxxxx  
Title: Corporate Secretary Title:  
 President & CEO  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
  
 SCHEDULE A  
  
 The Investment Adviser shall serve as Investment Adviser for the  
following Fund(s) of the Trust. The Fund or Trust will pay the  
Investment Adviser, as full compensation for all services provided under  
this Agreement, the fee computed separately for each such Fund at an  
annual rate as follows (the "Investment Adviser Percentage Fee"):  
  
  
  
  
 First Excess over  
Fund $500 Million $500 Million  
   
  
1. Clearwater Quantum Trust 0.75% 0.65%  
  
2. Clearwater Aggressive Opportunities Trust 0.75% 0.65%  
  
3. Clearwater Quantum Fixed Income Trust 0.60% 0.50%  
  
4. Clearwater Small Cap Trust 0.75% 0.65%  
  
  
  
 The Investment Adviser Percentage Fee for each Fund shall be  
accrued for each calendar day and the sum of the daily fee accruals shall  
be paid monthly to the Investment Adviser. The daily fee accruals will  
be computed by multiplying the fraction of one over the number of  
calendar days in the year by the applicable annual rate described in the  
preceding paragraph, and multiplying this product by the net assets of  
the Fund as determined in accordance with the Trust's prospectus and  
statement of additional information as of the close of business on the  
previous business day on which the Trust was open for business.  
  
 If this Agreement becomes effective or terminates before the end of  
any month, the fee (if any) for the period from the effective date to the  
end of such month or from the beginning of such month to the date of  
termination, as the case may be, shall be prorated according to the  
proportion which such period bears to the full month in which such  
effectiveness or termination occurs.  
  
  
  
  
  
  
  
2