

ITEM 1. COVER PAGE FOR PART 2A APPENDIX 1  
OF FORM ADV

**COORDINATED ASSET MANAGEMENT  
PROGRAM (CAMP) BROCHURE**

**AUGUST 20, 2012**

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This brochure provides information about the qualifications and business practices of Blue Water Wealth. If you have any questions about the contents of this brochure, please contact by telephone at (503) 330-6708 or email at [compliance@bluewaterwealth.com](mailto:compliance@bluewaterwealth.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.

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

Please note use of the term "registered investment adviser" and description of Blue Water Wealth and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates which advise you for more information on the qualifications of our firm and its employees.

## **Item 2. Material Changes**

**Blue Water Wealth** is required to advise you of any material changes to our CAMP Brochure from our last annual update, identify those changes on the cover page of our CAMP Brochure or on the page immediately following the cover page, or in a separate communication accompanying our CAMP Brochure. We must state clearly that we are discussing only material changes since the last annual update of our CAMP Brochure, and we must provide the date of the last annual update of our CAMP Brochure.

Please note we do not have to provide this information to a client or prospective client who has not received a previous version of our CAMP Brochure. On August 9, 2012 our fee schedule was changed to a flat percentage up to a maximum of 2% for any assets in our Coordinated Asset Management Program.

### **Item 3. Table of Contents**

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#### **Item 4. Services, Fees and Compensation**

Our CAMP accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

##### **Coordinated Asset Management Program (CAMP):**

Clients are eligible for CAMP after having been provided a financial plan under our Financial Planning services. After determining an appropriate investment strategy we will provide clients with a number of investment advisory services provided by independent managers for the individual management of client accounts which are in line with your comprehensive financial plan. We provide initial due diligence on independent managers and ongoing reviews of their management of your account. It is important to note that we do not offer advice on any specific securities or certain investments in connection with this service. Investment advice and trading of securities is only offered by or through the independent managers to clients.

We periodically review independent managers' reports provided to the client, but no less often than on an annual basis. Our associates contact the clients at least semi-annually in order to review your financial situation and objectives; communicate information to you or your independent managers as warranted; and, assist you in understanding and evaluating the services provided by the independent manager. You will be expected to notify us of any changes in your financial situation, investment objectives, or account restrictions that could affect your account. You may also directly contact the independent manager managing the account.

CAMP is an all-inclusive service. For any assets under management, the fees will be up to 2%. This includes our advisory fees, custodial and transactional fees in your account(s) as well as the fees of independent manager(s). Our firm's fees are billed on a pro-rata annualized basis. Depending upon the wealth managers we mutually select, your fees for CAMP program will be billed in one of two ways:

1. monthly in arrears based on the value of your account on the last day of the previous month;
2. quarterly in advance based on the value of the account on the last day of the previous quarter.

An all-inclusive program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in CAMP, you may end up paying more or less than you would through a non-all-inclusive fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

You may pay custodial fees and/or charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the fee you are charged by our firm.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in CAMP rather than a non-all-inclusive fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through CAMP if your account is not actively traded.

#### **Item 5. Account Requirements and Types of Clients**

We impose the following requirement(s) to open or maintain an account:

- Generally, the minimum account balance for our CAMP accounts is \$25,000.

Types of clients we typically manage accounts on behalf of, include:

- Individuals and High Net-Worth Individuals.

#### **Item 6. Portfolio Manager Selection and Evaluation**

A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

Our firm selects and reviews outside portfolio managers based on the following factors:

- past performance;
- investment philosophy;
- market outlook;
- experience of portfolio managers and executive team;
- disciplinary, legal and regulatory histories of the firm and its associates;
- whether established compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, anti-money laundering.

Portfolio manager performances are evaluated in light of generally accepted benchmarks. All reconciliation occurs at the asset position level. Segments, classes, accounts and portfolios are all aggregates of daily asset performance data. Reconciliation assures that the ending market value for the previous day and the transactions of the current day yield the ending

market value for the current day. Any transactions that do not reconcile properly will be marked for manual review and adjusted as necessary. Examples of data that may not reconcile automatically include a missed stock split, an untimely dividend payout or a missing price that yields an inaccurate zero ending market value. On certain occasions, client involvement is necessary to properly fix the reconciliation issue. Black Diamond Performance reporting will calculate performance based on the reconciled data using the beginning market value, the ending market value and investment gain/loss for that day. The segment, broad asset class and account performance will then be calculated using an aggregation of the asset position data according to your customized classification scheme. These daily returns are then geometrically linked in the application and reports. This daily linking creates performance returns over time without the need for time-weighted or dollar-weighted cash flow estimations. All returns will be audited at the asset, segment, asset class and account level to ensure that the returns fall within acceptable ranges for each level. If the automated calculation yields a return outside the acceptable range, Black Diamond will research the issue to ensure accurate performance of the asset. For example, if a daily money market return exceeds 0.05%, it is most likely a result of missing accruals and a resulting large interest payment. In this situation, we will revise the asset transactions and include the accruals for the appropriate days, yielding the true performance of the money market.

Our firm and its related persons have not acted as portfolio manager(s) for CAMP. Due to this, you should be aware that our firm cannot actively monitor outside portfolio managers conflicts of interest, daily trading activity and other operational issues.

#### **Item 7. Client Information Provided to Portfolio Manager(s)**

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

#### **Item 8. Client Contact with Portfolio Manager(s)**

Clients should contact us prior to communicating with the portfolio manager. However, clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

#### **Item 9. Additional Information**

We have determined that our firm and management have no disciplinary information to disclose and have no other financial industry activities and affiliations to disclose.

## **1. Code of ethics, participation or interest in client transactions and personal trading.**

Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm does not recommend specific securities to our clients. Assets are managed by independent managers and we have therefore minimized the conflict of interest in regard to investments in our advisory representatives' personal accounts.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## **2. Review of accounts.**

- a) Review of client accounts, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a semi-annual basis for our clients subscribing to our Coordinated Asset Management Program. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients receive comprehensive, updated annual financial plans. Our financial advisors conduct these reviews. In addition we meet with financial planning clients every 3-to-6 months to review issues pertinent to their financial plan.

- b) Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

- c) Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We provide quarterly performance reports to CAMP clients. Financial planning clients receive comprehensive, updated annual financial plans.

## **3. Client referrals and other compensation.**

- a) If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

We may recommend that a client in need of brokerage and custodial services utilize Pershing LLC through Pershing Advisor Solutions, LLC, among others. It may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker as our firm recommends.

In selecting a broker/dealer, we will endeavor to select those broker/dealers that will provide the best services. The reasonableness of commission rates is based on several factors, including the broker/dealer's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services; all



factors in recommending a particular broker/dealer. When consistent with our firm's fiduciary duty of best execution, the firm will direct trades to the suggested broker/dealer listed above.

- b) If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm.

#### **4. Financial information.**

- a) If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, therefore we have not included a balance sheet for our most recent fiscal year.

- b) If we are an SEC-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- c) If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.