

# Waypoint Advisors, LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of Waypoint Advisors, LLC (“Waypoint Advisors” or “Waypoint”). If you have any questions about the contents of this brochure, please contact us at (757) 623-1600. 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.

Waypoint Advisors is registered with the Securities and Exchange Commission as a Registered Investment Advisor. Registration as such does not imply a certain level of skill or training.

Additional information about Waypoint Advisors is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

Waypoint Advisors' most recent update to Part 2 of Form ADV was made in March 2014. Waypoint Advisors' business activities have not changed materially since the time of the last update.

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## Advisory Business

Waypoint Advisors is a wealth management firm advising foundations, organizations and high-net-worth families in both the financial and meaningful sides of managing wealth. Founded in 2001, Waypoint Advisors is primarily owned by Elizabeth T. Patterson.

Waypoint Advisors offers financial advice and services tailored to the individual needs of clients. Each engagement typically begins with an understanding of the client's particular situation and an articulation of goals and values or principles that will serve to guide the process and outcome of the engagement. Education and communication are an important component of all services. Waypoint Advisors may consult with and coordinate the services of outside legal, tax and risk management advisors to provide these services.

With regard to investment management services, Waypoint will assist clients in determining the appropriate asset allocation, taking into consideration the client's goals, investment objectives, risk tolerance, planning horizon, liquidity needs, tax situation and personal preferences. Waypoint prepares a written statement of investment objectives that guide the management of the portfolio.

In addition, we work with families, foundations and non-profits to help them achieve their philanthropic missions. With families and foundations, we assist in the identification of values and goals, help develop a clear giving strategy, define the giving process, and manage the due

diligence and administrative aspects of making charitable contributions. With non-profit institutions, we will assist in the development of customized investment objectives and spending policies most appropriate for the goals of each institution.

Occasionally, Waypoint Advisors may manage investment advisory accounts that do not involve investment supervisory services. For example, a client may request that Waypoint track a holding of a security and buy or sell shares at the direction of the client. Or, a client may request that Waypoint keep records of a portfolio and report investment results without providing investment supervisory services. Clients are also able to constrain the types of investments or specific securities that Waypoint Advisors will invest in on the client's behalf.

Waypoint does not issue periodicals about securities by subscription. Nor does Waypoint issue, separately from the services described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities. Waypoint does not provide a timing service or furnish advice about securities in any manner not described above.

As of December 31, 2014, Waypoint Advisors managed approximately \$123 million on a discretionary basis.

## **Fees and Compensation**

Waypoint Advisors offers various fee arrangements depending upon the nature of the engagement. The fee arrangements are based upon a percentage of assets under management, hourly charges, flat fees or some combination of the three. The minimum fee for an investment advisory relationship is \$10,000 annually. Waypoint reserves the right to reduce this minimum in certain cases.

Fees paid to Waypoint Advisors are charged quarterly in arrears and are deducted from the client's accounts. Waypoint will provide a detailed statement so that you can confirm the accuracy of the fee calculation.

Waypoint Advisors' current fee schedule is as follows:

### **Investment Advisory Fee Schedule Based Upon a Percentage of Assets Under Management**

Assets Under Management	Annual Fee %	Quarterly Fee%
First \$1 Million	1.00%	0.25%
Next \$2 Million	0.75%	0.1875%
Next \$2 Million	0.60%	0.15%
Next \$5 Million	0.50%	0.125%

The above fee schedule is based upon the market value of the portfolio on the last day of the quarter. The fee schedule may be adjusted higher or lower depending upon the complexity of the engagement, the number of accounts, the level of aggregation of family members and the number of services provided. The fee schedule for clients with portfolios of \$10 million or more may be negotiated.

Waypoint Advisors reserves the right to adjust the fee schedule depending on the complexity of the services provided and to unilaterally amend the fee schedule upon sixty (60) days' written notice to clients. In no event shall a management fee be based on the performance or investment return of clients' portfolios.

In certain cases, Waypoint Advisors may negotiate a flat fee arrangement. This fee is reviewed annually.

Waypoint Advisors also charges by the hour for some services, depending on the type of service provided. Waypoint Advisors will offer bill paying, record keeping or other services on an hourly or flat fee basis. These fees will be negotiated depending upon the complexity and time involved.

#### *Investments in Mutual Funds*

Account assets in a mutual fund are charged fees inside the fund as described in the fund's prospectus. Waypoint Advisors receives no 12b-1 fees or other fees from mutual fund companies as compensation. 12b-1 fees are fees charged by mutual fund companies to cover marketing and distribution expenses. Custodians may receive compensation for their services in two ways: transaction costs based on a negotiated agreement with Waypoint Advisors, or reimbursement for shareholder servicing from the assets of the fund as described in the fund's prospectus. Some mutual fund companies elect to pay the custodians directly for shareholder services. Please see the Brokerage Practices section of this brochure for more information on transaction costs.

#### *Investments in Separately Managed Accounts or Alternative Investments*

Account assets invested in separately managed accounts typically pay separate investment management fees for the management of the account based on the market value of the assets. These fees are disclosed in an agreement between the client and the separate account manager. Custodial fees may be included in the asset-based fee, or they may be charged on a transactional basis based on a negotiated agreement between the manager and the custodian. Waypoint receives no fee compensation from the manager or the custodian.

The market value for certain alternative investments may be held at the initial investment level (cost) for billing purposes as such investments may be difficult to value in the short-term. If the value of such investments is known to be impaired, Waypoint will adjust the value down to the best estimated value.

Waypoint Advisors strives to be totally objective in its advice and recommendations to clients. In this endeavor, Waypoint Advisors does not accept commissions or any third party payments for products recommended.

## **Performance Based Fees and Side-by-Side Management**

Waypoint Advisors does not charge any performance based fees. Some investment advisors experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Waypoint Advisors.

## **Types of Clients**

Waypoint Advisors primarily provides customized investment management services to high-net-worth individuals, families, and associated trusts, estates, private foundations, and small non-profit organizations. Waypoint Advisors' minimum account relationship is \$1 million. In some circumstances, accounts may be aggregated for purposes of reaching the minimum and determining the fee breaks. Waypoint Advisors reserves the right to make exceptions to the account minimum in certain situations.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

With regard to investment management services, Waypoint Advisors assists clients in determining an appropriate asset allocation, taking into consideration the client's goals, investment objectives, risk tolerance, planning horizon, liquidity needs, tax situation and personal preferences. Waypoint prepares a written statement of investment objectives that guide the management of the portfolio.

In construction of investment portfolios, Waypoint relies, in part, upon the tenets of Modern Portfolio Theory (MPT) in a "manager of managers" approach, diversifying client portfolios by asset class, investment style and strategies while using multiple managers.

Modern portfolio theory is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets to include in a portfolio – i.e. identifying an appropriate asset allocation. MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment assets and combining them into a portfolio that has collectively lower risk (risk in this case defined as the variability of returns) than many of the individual assets. Waypoint may employ asset allocation optimizing software and other analytical tools to help construct appropriate portfolios.

Once appropriate asset classes and their targeted weights in a portfolio have been identified, outside portfolio managers are utilized to implement different styles and strategies within the various asset classes. At each level of portfolio construction – asset class, style, strategy, and manager, we strive to achieve a level of diversification that will enhance portfolio performance.

As Waypoint evaluates money managers and recommends appropriate investment vehicles, we may select mutual funds, separately managed accounts, pooled accounts or limited partnerships, depending upon the size of the account and client instructions. When appropriate for the client, Waypoint may advise on investments in hedge funds, exchange funds, private equity, structured products, or other alternative investments. If such investments are deemed suitable for the client, Waypoint will advise on the inherent risks associated with these types of complex investments, including liquidity risk, credit risk, and lack of transparency.

Waypoint does not generally advise on specific stock selection. However, Waypoint may advise on strategies for diversification of stock holdings, including strategies for managing risk and minimizing taxes. Waypoint Advisors may evaluate existing stock holdings and from time to time may give general opinions about specific securities.

Investors should be aware that investing in securities, no matter how well diversified, involves risk of loss that clients should be prepared to bear.

## **Disciplinary Information**

Waypoint Advisors and its employees have not been involved in any legal or disciplinary events in the past ten years that would be material to a client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

Waypoint Advisors and its employees do not have any affiliations with other financial services companies that pose material conflicts of interest.

Beth Patterson, Waypoint's President, serves on the Board of Directors of Monarch Bank, where she does receive some compensation and restricted stock for her Board involvement, but not as an incentive for referring business. Several of our clients have invested in Monarch's CD and money market offerings after liquidity events. In each case, Waypoint has conducted a comprehensive search of the best rates to be found locally and investments with Monarch only have been made when the rate is favorable to the client. Additionally, the size of these money market investments has been insignificant in relation to each client's overall portfolio.

Beth also serves on the Advisory Board of Envest Ventures Fund III, a private equity manager. She was appointed to the Board after several clients invested in Envest funds. She receives no compensation for her involvement with Envest, nor does she receive any incentive for referring business. Waypoint believes that Beth's serving on the Advisory Board actually provides additional oversight for our clients' interests in the funds as Beth's role is to serve as an advocate for Envest's investors.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Waypoint Advisors has adopted a Code of Ethics as mandated under SEC Rule 204A-1. The Code sets forth Waypoint's standards of business conduct, including specifics such as the prohibitions against insider trading, requirements for employee personal securities trading, and confidentiality of client information. All employees receive a copy of the Code of Ethics and the Personal Securities Trading Policy and must certify that they have read, understood, and agree to be bound by both. Copies of both are available, free of charge, at your request.

Waypoint Advisors or a related person may buy or sell for itself securities that it also recommends to clients. We believe this is further tangible evidence of aligning our interests with our clients. As a manager of managers, our recommendations center on mutual funds and separate accounts. The design of these instruments makes it highly unlikely any employee could unfairly gain or any client would be adversely affected by our participation. Furthermore, the percentage interest will be minimal and will not materially affect the value of the investment.

The principals are required to disclose any reportable securities transactions on a quarterly basis. These transactions are reviewed by the Chief Compliance Officer for conformity to our Code of

Ethics and Personal Securities Trading Policy. In contemplating any activity, advisor representatives are instructed to put the client's best interest first.

## **Brokerage Practices**

Waypoint Advisors generally recommends that clients arrange for their assets to be held by Fidelity Investments or Charles Schwab. Waypoint has managed client assets held at both custodians for many years and has found them to offer good services at competitive prices.

Waypoint is not a securities broker/dealer and is therefore not able to affect purchases or sales of investment company securities, nor other securities and investments on behalf of its clients. All such purchases or sales must be made through other companies. Waypoint will use its discretion in selecting broker/dealers to execute trades and in selecting custodians of portfolio assets based on the overall service provided, net price and execution. Waypoint will attempt to seek good value and reasonable charges, but is not obligated to solicit competitive bids for any transaction or to seek the lowest available commission. Broker/dealers will be chosen for their overall brokerage and research services, as defined under the Securities Exchange Act of 1934, whether or not each account directly or exclusively benefits from such services.

Waypoint's general policy is to engage brokers/custodians who Waypoint believes can provide the best overall execution at favorable commission rates. Waypoint's fundamental policy is to serve the best interest of the client. Waypoint Advisors attempts to treat all clients fairly and equitably in the selection and execution process. We review brokers for best execution periodically. A copy of our Best Execution Policy is available upon request.

If a client directs Waypoint Advisors to use a particular broker/dealer for the purchase and/or sale of securities in his/her portfolio, such an instruction will result in Waypoint not exercising discretion in selecting other broker/dealers on a trade-by-trade basis. This may cost the client more money as we may be unable to achieve the most favorable execution for the trades.

### Research and Other Soft Dollar Benefits

Waypoint Advisors may receive discounts from custodians for selected services based on Waypoint's overall business relationship with the custodian. Waypoint may also recommend clients purchase interests in investments which may pay for some expenses for representatives of Waypoint to attend research conferences. Waypoint will not accept financial support of any kind where investing client assets with the provider is a condition of the support.

Waypoint Advisors receives certain products and services from our custodians free of charge or at discounted rates. These products and services include:

- The receipt of duplicate client confirmations, statements, and other account information;
- Direct advisory fee debiting capabilities;
- Access to an electronic network for order entry, including the simultaneous entry of trades on behalf of multiple client accounts;

- A portfolio management system and software that supports Waypoint’s research processes.

### Aggregated Trades

Because Waypoint is a manager of managers, and it is the managers who trade individual securities, Waypoint does not trade specific securities on behalf of groups of clients at one time. Therefore, we do not typically trade individual securities in aggregate across multiple accounts.

### Client Referrals

Waypoint Advisors does not compensate any custodian or broker/dealer for referring client accounts.

## **Review of Accounts**

Waypoint Advisors provides ongoing supervision of assets under management, reviewing client accounts at least quarterly for rebalancing. When appropriate, given the size of the account and the tax situation, accounts will be reviewed periodically for tax management opportunities, such as tax loss selling and short-term capital gain avoidance. However, tax management plays a secondary role to investment performance. Waypoint Advisors reserves the right to make this determination. Also on a quarterly basis, the Investment Committee members and the Chief Compliance Officer review reports designed to identify accounts that are outside the expected ranges for returns.

The Relationship Manager conducts the quarterly reviews, making note of all client contacts and any changes in the client’s particular situation that might affect the investment strategy for the portfolio.

Clients receive account statements directly from the custodian on a monthly basis. In addition, Waypoint Advisors provides written quarterly reports communicating holdings, asset allocation, and portfolio performance. Waypoint is available to meet with clients quarterly or more often as appropriate or desired. Relationship Managers attempt to make personal contact with clients quarterly and meet at least annually.

## **Client Referrals and Other Compensation**

Waypoint Advisors does not pay any other advisors or institutions for client referrals.

Other than the previously described products and services that Waypoint Advisors receives from our custodians, Waypoint does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

## **Custody**

All client accounts are held in custody by unaffiliated broker/dealers or banks. Account custodians send statements directly to the account owners generally on a monthly basis. Clients should carefully review these statements, and should compare these statements to the quarterly reports provided by Waypoint Advisors.



## **Investment Discretion**

Waypoint Advisors has discretionary authority to invest and manage assets in all accounts as granted by the client in the Investment Advisory Agreement. This discretion is subject to such limitations and restrictions as imposed by the client by written notice to Waypoint.

## **Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Waypoint Advisors has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Waypoint Advisors receives will be treated in accordance with these policies and procedures.

Waypoint Advisors employs a “manager of managers” approach to investment selection. The majority of investments consist of mutual funds, separate accounts, alternative investments, and money market accounts. In the case of separate accounts, it is generally the responsibility of the recommended money manager to vote stock proxies.

In certain circumstances, Waypoint will vote proxies. When we do vote proxies, Waypoint will vote in a manner deemed to be in the client’s best interest. Our policy guidelines are designed to minimize the potential for conflicts of interest. In the unlikely event we identify a conflict between our own interests and those of our client, we will attempt to obtain client consent or direction on how to vote that proxy. A complete copy of our Proxy Voting Policy, as well as specific information about how Waypoint has voted in the past, is available upon written request.

## **Financial Information**

Waypoint Advisors has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.