

**Part 2A of Form ADV: *Firm Brochure***

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This brochure provides information about the qualifications and business practices of Bridgewater Advisors Inc. If you have any questions about the contents of this brochure, please contact us at 212-221-5300 or email [tsmyth@bridgewateradv.com](mailto:tsmyth@bridgewateradv.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 Bridgewater Advisors Inc. is also available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 109826.

## **Item 2    Material Changes**

Since the Annual 2017 filing in March, there is one material change. Our partner, Helen Hill Updike retired on December 31, 2017.

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## Item 4 Advisory Business

Bridgewater Advisors Inc. (Bridgewater or BAI) is a SEC-registered investment adviser with its principal place of business located in New York City. Bridgewater began conducting its business in 1992.

The firm's principal shareholder (those controlling 25% or more of this company) is:

- Leo Vincent Marzen, Managing Partner

Bridgewater offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our investment process begins with you — the client. We seek to understand your current and future needs, your experience and comfort with different types of investments, and the time period over which you plan to invest. As we learn about you, we also share our thinking on the markets and various investment ideas. Our goal is to help you understand how your portfolio may be expected to perform over time to serve your goals.

Formulation of an appropriate asset allocation for your portfolio across traditional and alternative asset classes is a critical step in the investment process; it drives your portfolio's long-term risk characteristics and potential rewards. Once the strategic allocation for your portfolio is agreed upon, we determine the appropriate mix of strategies within each asset class to ensure proper diversification using both actively-managed and index-related styles, also considering any investment preferences you may have.

*Thoughtful asset allocation, control of fees and expenses, and tax management are the keys to long-term investment success. With this in mind, we customize each client's portfolio to best meet their specific objectives, tolerance for risk, and unique circumstances.*

We manage advisory accounts on a discretionary basis.

Account supervision is guided by your stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Our investment recommendations are not limited to any specific product or service offered by any company and will generally include advice regarding the following securities:

- Publicly held securities
- Municipal securities
- Mutual fund shares
- United States government securities
- Interests in partnerships as we may consider appropriate

Because all investments involve certain degrees of risk, they will only be implemented or recommended when consistent with your stated investment objectives, tolerance for risk, liquidity needs and suitability.

### **CONSULTING SERVICES**

Clients can also receive financial planning and wealth management advice. This may include advice on such concerns as estate planning, retirement planning, insurance, financing, or any other specific topic. Bridgewater does not charge additional fees for this advice.

## AMOUNT OF MANAGED ASSETS

As of December 31, 2017, we were actively managing \$1,430,694,500 of clients' assets on a discretionary basis.

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### Item 5 Fees and Compensation

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

The annual fee for Investment Supervisory Services is charged as a percentage of assets under management. The annual fee is 1.00% of the first \$3 million, plus 0.75% of the next \$3 million, plus 0.5% of any assets in excess of \$6 million. The minimum annual fee is \$20,000. We retain the discretion to negotiate fees on accounts larger than \$20 million. Fees are invoiced quarterly, in advance, and are deducted from the client's account.

We may group certain related and family accounts for the purposes of determining the annual and minimum fee. Reduced fees may be offered to family members and friends of people associated with our firm and to not-for-profit organizations.

#### **GENERAL INFORMATION**

##### ***Terminating the Advisory Relationship***

A client agreement may be canceled at any time, by either party, and for any reason, upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded to you. We will pro rate the reimbursement according to the number of days remaining in the billing period compared with the total number of days in such period.

##### ***Mutual Fund Fees***

Fees paid to us for investment advisory services are separate and distinct from the management fees and other expenses charged by mutual funds, exchange traded funds or other similar vehicles to their investors. These fees and expenses are described in each fund's prospectus or a similar disclosure. Since you could invest in a mutual fund directly, and without our services, you should review both the fees charged by the funds and our own fees to fully understand the total amount of fees to help evaluate the advisory services we provide.

##### ***Additional Fees and Expenses***

In addition to Bridgewater's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which we effect transactions. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

##### ***Pre-existing Clients***

Pre-existing advisory clients are subject to Bridgewater's minimum fee requirements and advisory fees that were in effect at the time the client entered into the advisory relationship. Therefore, fee arrangements will differ among clients.

## ***ERISA Accounts***

Bridgewater Advisors, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. Bridgewater does not receive any such restricted compensation.

## ***Advisory Fees in General***

You should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

## ***Limited Prepayment of Fees***

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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## **Item 6 Performance-Based Fees and Side-By-Side Management**

Bridgewater does not charge performance-based fees.

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## **Item 7 Types of Clients**

We provide advisory services to the following types of clients:

- Individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Asset Allocation.*** We attempt to identify an appropriate mix of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the mix of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also review the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of such analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Third-Party Money Manager Analysis.*** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

***Risks for All Forms of Analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, provide accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

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## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no such legal or disciplinary events to disclose.

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## **Item 10 Other Financial Industry Activities and Affiliations**

None

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Bridgewater and its personnel owe a fiduciary duty towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Bridgewater's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by sending an email to [tsmyth@bridgewateradv.com](mailto:tsmyth@bridgewateradv.com) or by calling us at 212-221-5300.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients, or may have an interest or position in securities which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be excluded in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics to



ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

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## **Item 12 Brokerage Practices**

Bridgewater will execute block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Bridgewater's block trading policy and procedures are as follows:

11. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement or our firm's order allocation policy.
12. The trading desk, in concert with the portfolio manager, must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the

client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

13. The portfolio manager must reasonably believe that the order aggregation will benefit and will enable Bridgewater to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
14. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
15. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro-rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
16. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
17. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
18. Bridgewater's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
19. Funds and securities for aggregated orders are clearly identified on Bridgewater's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
20. No client or account will be favored over another.

We may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc., or with other custodians we believe are suitable (the Custodians), to maintain custody of clients' assets and to effect trades for their accounts. Although we may recommend that you establish accounts at one of the Custodians, the choice is your decision. Bridgewater is independently owned and operated, and not affiliated with any custodian or other company.

The Custodians provide us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a certain minimum amount of the adviser's clients' assets are maintained at the Custodian. These

services are not contingent upon our firm committing to any specific amount of business (assets in custody or trading commissions). A Custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

A Custodian does not generally charge separately for custody services for our client accounts, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that it executes or that settle into its accounts.

A Custodian may also make available to our firm other products and services that benefit Bridgewater, but may not directly benefit the accounts of clients. Some of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at the Custodian.

A Custodian's products and services that assist us in managing and administering client accounts include software and other technology that:

- provides access to client account data (such as trade confirmations and account statements);
- facilitates trade execution and allocation of aggregated trade orders for multiple client accounts;
- provides research, pricing and other market data;
- facilitates payment of our fees from clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Custodians also offer other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Custodians may make available, arrange and/or pay third-party vendors for the types of services rendered to Bridgewater. They may discount or waive fees it would otherwise charge for some of these services, or pay all or a part of the fees of a third-party providing these services to our firm. They may also provide other benefits such as educational or other events for our personnel. In evaluating whether to recommend a Custodian to clients, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodian, which may create a potential conflict of interest.

## **Item 13    Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

#### **REVIEWS**

While the underlying securities within individual accounts are continually monitored, these accounts are reviewed at least quarterly in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Reviews are conducted by the advisor assigned to that specific relationship.

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

### **CLIENT REFERRALS**

Our firm may pay referral fees to firms ("Solicitors") such as Schwab Advisor Network for introducing clients to us. When we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, we do not increase the advisory fees paid to us by clients referred by a solicitor.

It is Bridgewater's policy not to accept, or allow our related persons to accept, any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

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## **Item 15    Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from your accounts.

As part of this billing process, your custodian is advised of the amount of the fee to be deducted from your account. On at least a quarterly basis, the custodian is required to send to you a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the fee calculation, among other things. You should contact us directly if you believe there may be an error in your statement.

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## **Item 16 Investment Discretion**

When you retain us to provide discretionary asset management services, we place trades in your account without contacting you prior to each trade to obtain your permission.

Our discretionary authority includes the ability to do the following without contacting you:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell.

You give us discretionary authority when you sign an agreement with our firm.

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## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on your behalf. Therefore, although our firm may provide investment advisory services relative to your investment assets, you maintain responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by you shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type of events pertaining to your investment assets. Clients are responsible for instructing each custodian of the assets to forward copies of all proxies and shareholder communications relating to your investment assets. We do not offer any consulting assistance regarding proxy issues.

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## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Bridgewater has no such financial circumstances to report.

Since we do not require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered, we are not required to include herein a financial statement.

Bridgewater has not been the subject of a bankruptcy petition at any time.