



# Coordinated Asset Management Program (CAMP) Brochure

March 27, 2019 | FIRM CONTACT: Gabriella A. Richard, Chief Compliance Officer

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

This brochure provides information about the qualifications and business practices of Blue Water Wealth, Inc. D/B/A Blue Water Wealth, and BWW. If you have any questions about the contents of this brochure, please contact by telephone at (503) 296-8700 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 the Brochure Supplements pertaining to the firm's associates who advise you, for more information on the qualifications of our firm and its employees.

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### 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.

Since our last annual amendment filing on March 9, 2018, we have the following material changes to report:

- We are now registered with the SEC;
- We have lowered the minimum account balance for our CAMP accounts to \$1,000.

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#### ITEM 4 SERVICES, FEES, AND COMPENSATION

Our firm sponsors and offers a wrap fee program, which allows clients to pay a single fee for investment advisory services and associated custodial transaction costs. Transaction fees will be paid by our firm. Because our firm absorbs client transaction fees, an incentive exists to limit trading activities in client accounts.

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

We emphasize continuous and regular account supervision. As part of our CAMP service, a portfolio will be created by our in house and/or outside independent money managers, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least semi-annually and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

When recommending outside money managers, we will provide clients a number of investment advisory services provided by independent managers. We provide initial due diligence on independent managers and ongoing reviews of your accounts. 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.

CAMP is an all-inclusive service. For any assets under management, the fees will range between 0.75% to 1.50%. Our fee will vary depending on the size of the account. Fees will be deducted from client account(s). Our firm does not offer direct billing. Our firm's fees are billed on a pro-rata annualized basis and in one of four ways:

- 1) Monthly in arrears based on the value of your account on the last day of the previous month;
- 2) Quarterly in arrears based on the value of the account on the last day of the previous quarter;
- 3) Monthly in advance based on the value of your account on the last day of the previous month;
- 4) Quarterly in advance based on the value of your account on the last day of the previous quarter.

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The billing schedule is determined by the outside money managers and/or platform you decide to engage. The outside money managers will pay us a portion of the investment advisory fee that they charge you for managing your account. The outside money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them. The outside money managers establish and maintain their own separate billing processes over which we have no control. They will directly bill you and describe how this works in their separate written disclosure documents.

Please be aware that similar services may be offered by another adviser at a lower fee. 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) and deducted from your account by the manager. 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 as part of their salary from our firm. This may create a conflict of interest as they may have an incentive to recommend that you participate in CAMP rather than a 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 \$1,000.

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

- Individuals and High Net-Worth Individuals.

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In-house managers of our firm and Independent Money Managers manage accounts under our CAMP Service. Our in-house managers are not subject to the same selection process and review as outside portfolio managers that participate in the wrap fee program.

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.

You should be aware that our firm cannot actively monitor outside portfolio managers conflicts of interest, daily trading activity and other operational issues.

#### **1. Performance-Based Fees & Side-By-Side Management:**

We do not charge performance fees to our clients.

#### **2. Methods of Analysis, Investment Strategies & Risk of Loss:**

##### **a) Methods of Analysis**

Methods of Analysis such as charting, fundamental, technical, or cyclical may be used by the independent managers we help select for our client in our Coordinated Asset Management Program. Please refer the disclosure brochures of these independent managers for more information.

##### **b) Investment Strategies**

- Long term purchases (securities held at least a year);

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- ESG and SRI investing;
- Active Management.

#### c) Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is

important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

#### d) Cash Balances in Client Accounts

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to asset management, as applicable.

#### Voting Client Securities:

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### 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.

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#### ITEM 9 ADDITIONAL INFORMATION

##### 1. Disciplinary information and other financial industry activities

We have determined that our firm and management have no disciplinary information to disclose.

Our firm is not registered, nor does it have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

We have the following financial industry activities and affiliations to disclose:

a) Advisory representatives are registered representatives of Cambridge Investment Research, Inc., member FINRA/SIPC, and spend approximately 1% of their time with this activity. Our firm may offer securities and receive normal and customary commissions as a result of securities transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation we may earn and may not necessarily be in the best interests of the client.

b) Advisory representatives of our firm are insurance agents/brokers. Our firm may offer insurance products and receive normal and customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation we may earn.

##### 2. 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



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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.

#### 3. Review of accounts.

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. We provide quarterly performance reports to CAMP clients.

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. 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.

#### 4. Client referrals and Other Compensation.

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

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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.

We do not pay referral fees to independent solicitors for the referral of their clients to our firm.

#### 5. Financial Information.

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.