



CPA Asset Management Group, LLC  
d/b/a Blue Ocean Capital Client Brochure

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This brochure provides information about the qualifications and business practices of Blue Ocean Capital. If you have any questions about the contents of this brochure, please contact us at (561) 659-3301 or by email at: [hknotts@blueoceancpa.com](mailto:hknotts@blueoceancpa.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.

Blue Ocean Capital is registered with the Securities and Exchange Commission as an Investment Adviser under the Investment Advisers Act of 1940. Registration of an Investment Adviser does not imply any level of skill or training.

This Client Brochure describes the general business practices of Blue Ocean Capital. It is intended to provide clients and prospective clients with an understanding of the investment advisory services regularly offered by Blue Ocean Capital and to provide full and fair disclosure of any conflicts or potential conflicts of interest associated with those services. Occasionally clients may request investment advisory services not discussed in this Brochure. In such cases, any additional disclosures will be provided to the client as necessary.

Additional information about Blue Ocean Capital is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Blue Ocean Capital's CRD number is 107833.

## Item 2 – Material Changes

Investment Advisers are required to prepare a disclosure document (“Client Brochure”) that describes the firm and its business practices. Pursuant to SEC rules, we are required to update our Client Brochure at least annually and provide you with a summary of any material changes since the previous annual amendment.

We have prepared the Client Brochure, dated February 7, 2024. No material changes have occurred since the last annual update to our Client Brochure dated March 1, 2023.

With this summary, we hereby offer to deliver a complete copy of our Client Brochure upon your request at any time during the year. You may request our Client Brochure by contacting Hillary Knotts at (561) 659-3301 or by email at [hknotts@blueoceancpa.com](mailto:hknotts@blueoceancpa.com).

Additional information about Blue Ocean Capital is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Blue Ocean Capital’s CRD number is: 107833. The SEC’s web site also provides information about any persons affiliated with Blue Ocean Capital who are registered as investment adviser representatives of Blue Ocean Capital.

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## Item 4 – Advisory Business

Blue Ocean Capital (hereinafter “BOC”) has been in business since October 13, 1997. The principal owners are Mark Bradley Elhilow, CPA/PFS and Ronald Gregory Smith, CPA.

As of December 31, 2023, Blue Ocean Capital’s discretionary assets under management totaled \$498,100,000.

Blue Ocean Capital offers the following services to advisory clients:

### Investment Supervisory Services

Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

BOC manages client portfolios based on the individual goals, objectives, time horizon, and risk tolerance of each client. BOC creates an Investment Policy Statement for each client, which outlines the client’s current situation (financial position, liquidity needs, time horizon, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation.

BOC evaluates the current investments of each client with respect to their liquidity needs, risk tolerance levels and time horizon. BOC primarily manages client accounts on a discretionary basis and will select investments and execute transactions without permission from the client in advance. However, BOC may also work with clients on a non-discretionary basis based on the scope of the client engagement and needs of the specific client. Risk tolerance levels are documented in the Investment Policy Statement, which is agreed upon with each client.

BOC offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client’s current situation (financial position, liquidity needs, time horizon, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

BOC invests client portfolios in mutual funds, equities, bonds, fixed income, debt securities, ETFs, hedge funds, third party money managers, MLPs, REITs, private placements, and government securities. BOC may use other securities as well to help diversify a portfolio when applicable.

Clients may impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent BOC from properly servicing the client account, or if the restrictions would require BOC to deviate from its standard suite of services, BOC reserves the right to end the relationship.

### Selection of Other Advisers

BOC may direct clients to third party money managers. Before selecting other advisors for clients, BOC will always ensure those other advisers are properly licensed or registered as investment advisers.

For clients whose financial situation warrants it, BOC may recommend unaffiliated private funds as an investment option for the client’s portfolio. There are unique risks associated with investments in private funds, including the risk of loss of the client’s entire investment. Clients will be presented

with the fund's offering document, which includes a complete list of the risks inherent in the investment. Clients will be required to sign a subscription agreement accepting the terms and conditions of their investment in the private fund.

#### Family Office Services

BOC provides family office services to individuals, their families and related closely held businesses. These services vary in nature based on the scope and complexity of each family's circumstances and are customized to meet the needs of each specific client. Family office services position the firm as the capstone adviser, often serving in the capacity as the family's CFO. Some of the core services provided include, but are not limited to, sourcing client mail, records repository, cash management, banking, bill payment, cash disbursements, financing, management of insurance needs, family wealth counseling, capital allocation, estate planning, business acquisition due diligence, administrative support services, account aggregation, comprehensive accounting and reporting. As of December 31, 2023, BOC monitors, reports and advises on \$288,400,000 of assets through family office services, of which BOC has discretion on \$143,100,000.

#### Financial Planning

Financial planning services cannot be purchased separately from investment advisory services. However, basic financial planning services may be provided in connection with the development of each client's investment policy statement. Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

#### Tax and Accounting Services

BOC employs a team of CPAs that provide tax and accounting services to individuals, trusts and closely held businesses. Tax and accounting services can be obtained separately from investment advisory, family office and financial planning services; however, BOC provides many synergies when clients engage multiple areas of BOC's offerings, including tax and accounting services. Tax and accounting services include, but are not limited to, tax compliance and planning services.

## **Item 5 – Fees and Compensation**

#### Investment Supervisory Services

Clients pay BOC a fee based on the value of assets in their account. Fees are charged quarterly in arrears based on the quarter-ended fair market value of the account (including cash, cash equivalents and accrued income) to which such fee relates. The fair market value shall not be reduced by any margin balance or borrowing against the account. While BOC intends to charge fees in accordance with the standard fee schedule in place at the time of executing the portfolio management agreement, fees are subject to negotiation and may vary from the standard schedules to reflect circumstances that apply to a specific client account. The fee schedule, and any applicable terms and conditions, is stated in the client's portfolio management agreement.

BOC's standard fee schedule is as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$1,500,000	1.00%
Next \$1,000,000	0.70%
Next \$2,500,000	0.50%
Above \$5,000,000	0.30%

The advisory fee covers only the portfolio management and advisory services provided by BOC and does not include brokerage commissions, ticket charges, transaction fees, short-term trading fees, trade-away fees, prime broker fees, mark-ups and mark-downs, exchange fees, dealer spreads or other

costs associated with the purchase and sale of securities, custodian fees, transfer fees, wire fees, interest, taxes, or other account expenses. All fees paid to BOC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or in conjunction with internal expenses associated with exchange-traded funds. The client will be solely responsible, directly or indirectly, for these additional expenses. BOC does not receive any portion of these additional fees. Refer to Item 12 for a detailed discussion of brokerage practices.

Clients grant BOC the authority to debit advisory fees directly from the clients' accounts. Because the client authorizes BOC to debit fees, BOC is deemed to have custody of the client's funds. Clients will receive a statement, usually monthly but no less than quarterly, directly from their account custodian. BOC urges clients to review the information on the statement for accuracy and compare the information to any reports received directly from BOC. Please refer to Item 15 of this document for additional disclosures relating to Custody.

Either party may terminate the portfolio management agreement immediately upon written notice to the other party. Because fees are charged in arrears, no refunds are necessary. Termination of the agreement will not affect the liabilities or obligations incurred or arising from transactions initiated under the agreement prior to the termination.

#### *Family Office Services and Financial Planning*

##### **Fixed Fees**

Fees for Family Office Services and/or Financial Planning are negotiated with the client based on the estimated time spent and breadth of services expected. These services are generally charged at a fixed rate, but may also be included in the fees for Investment Supervisory Services. Fees are paid in arrears; therefore, no refund policy is necessary upon termination of the agreement. Fees are negotiable and the final fee schedule will be attached to the Family Office or Investment Advisory Agreement.

##### **Hourly Fees**

Depending upon the complexity of the situation and the needs of the client, BOC may charge an hourly fee for Family Office Services and/or Financial Planning. Hourly rates range from \$100 to \$300. Fees are paid in arrears; therefore, no refund policy is necessary upon termination of the agreement. Fees are negotiable and the final fee schedule will be attached to the Family Office or Investment Advisory Agreement.

#### *Tax and Accounting Services*

BOC charges an hourly rate for tax and accounting services. Hourly rates range from \$200 to \$400. Clients are invoiced either in installments or after the agreed upon work is completed, depending on the nature of the engagement. No refund policy is necessary upon termination of any tax or accounting services.

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

BOC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets in a client's account.

## **Item 7 – Types of Clients**

BOC clients include:

- Individuals
- High-Net-Worth Individuals

- Pension and Profit Sharing Plans
- Trusts, Estates, or Charitable Organizations
- Corporations or Business Entities

BOC requires a minimum account size of \$1 million for Investment Supervisory Services and Financial Planning, although this minimum may be waived at BOC's discretion. Typically, Family Office Services are most appropriate for clients with \$10,000,000 or more.

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

BOC uses fundamental analysis and concepts derived from modern portfolio theory to construct diversified portfolios using both a strategic and tactical asset allocation strategy. BOC constructs client portfolios based on the specific financial goals and objectives of each client. BOC considers each client's tolerance for risk when determining the appropriate asset allocation. BOC may also use model investment strategy for appropriate client assets, employing a set of mutual funds, ETFs and individual equities that are regularly rebalanced.

Investing in securities involves risk of loss that clients should be prepared to bear. BOC uses its best judgment and good faith efforts in providing advisory services to clients. BOC cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by BOC will be profitable. Investments in securities are subject to various market, currency, inflation, economic, political and business risks. BOC attempts to minimize these risks by constructing diversified portfolios appropriate for the specific risk parameters of the investment strategy as set forth in the Investment Policy Statement.

- **Market Risk:** Investments are subject to risk, including the possibility of a loss of principal. Fluctuations in the value of an investment may be caused by external factors independent of an investment's particular underlying circumstances.
- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Inflation Risk:** High inflation may adversely affect future purchasing power.
- **Currency Risk:** Foreign investments are subject to fluctuations in the value of the dollar versus the local currency where the investment is made.
- **Reinvestment Risk:** Reinvestment risk occurs when proceeds from an investment may be reinvested at lower prevailing rates.
- **Business Risk:** Business risks are associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity risk occurs when there is a possibility an investment cannot be readily converted to cash.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Client portfolios are primarily invested in mutual funds and ETFs as the core investment vehicle. When necessary, BOC may elect to complement the mutual fund holdings with equities, ETFs, bonds and other fixed income, government securities, hedge funds, third party money managers, REITs, MLPs and private placements.

BOC does not employ margin as an investment strategy, but clients may choose to use margin for cash flow purposes. To the extent that a client account uses margin, this type of leverage would increase both the possibilities for profit and the risk of loss. As a result, the effect of fluctuations in the market value of a portfolio would be amplified. Margin borrowings are secured by the securities held in the account. Under certain circumstances, a lender may demand an increase in the collateral that secures the borrower's obligations, and if the borrower were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the borrower's obligation. Accounts holding a margin balance are subject to an interest expense charged by the lender.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of BOC or its management. BOC has no disciplinary actions to disclose.

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

BOC may direct clients to third party money managers. BOC will always act in the best interests of the client, including when determining which third party manager to recommend to clients. BOC will ensure that all recommended advisors or managers are licensed or notice filed in the states in which BOC is recommending them to clients.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.



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

BOC adopted a Code of Ethics that sets forth a standard of conduct required by BOC's supervised persons and requires compliance with applicable securities laws, including the Insider Trading and Securities Fraud Enforcement Act of 1988. An investment adviser's Code of Ethics requires certain employees (Access Persons) to report their personal securities holdings within ten days of being hired and annually thereafter, and are required to report securities transactions within thirty days of the end of each calendar quarter. The Chief Compliance Officer or other designated person reviews employee's personal investment activity to ensure employee trading activity does not conflict with advice provided to clients.

BOC adopted policies and procedures imposing certain conditions and restrictions on transactions for the accounts of BOC's employees. BOC employees are permitted to make investments in securities that are also held in client portfolios, provided they conduct their personal trading in a manner that does not create a conflict of interest with a client, or otherwise take unfair advantage of the client relationship. Employees are required to obtain approval from the Chief Compliance Officer, or other designee, prior to executing trades for their own account in any private placement or initial public offering. BOC employees are prohibited from taking action for personal benefit rather than for a client's benefit, and from using their knowledge of client transactions for personal profit.

A complete copy of BOC's Code of Ethics is available to any client or prospective client upon request.

## **Item 12 – Brokerage Practices**

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below. Schwab provides these services to independent investment advisers at no charge provided they maintain at least \$10 million of client assets on the Schwab platform.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors including, but not limited to: discounted commission rates; dedicated trading and/or client service personnel; availability of and access to no load, no transaction fee, load-waved and institutional class mutual funds; access to electronic trading and/or block trading; daily transaction download and reconciliation files; research tools; and an online account service platform. While the receipt of these benefits – which are not typically available to retail investors - creates a potential conflict of interest on behalf of BOC, there is no direct link between BOC's participation in the platform and the advice it gives to clients nor does receipt of these benefits depend on the amount of brokerage transactions directed to Schwab. BOC receives no fees or compensation for recommending Schwab, but receives other benefits as described below (see Item 14 – Client Referrals and Other Compensation).

BOC regularly assesses the services provided by Schwab to determine that the reasonableness of commissions is consistent with their ability to provide quality services to BOC and its clients. BOC believes that, in consideration of all services provided by Schwab, including but not limited to

commission rates and other fees, Schwab is providing overall execution quality consistent with BOC's duty to seek best execution for its clients.

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees for securities trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds, equities and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

BOC, or a third-party manager selected by BOC, may determine that trading through a broker other than Schwab ("trading away") may provide clients with better overall execution quality than by trading directly with the custodian. Trading away is often beneficial when trading fixed income securities, since brokers specializing in bonds have larger inventories, better access to specific bonds and more advantageous pricing. Any client whose account may be traded away is required to first sign a Schwab Prime Brokerage Agreement. Trading away may cause the client to incur additional fees from the executing broker, as trade away transactions will incur additional costs. If BOC trades away, it is BOC's belief that any additional fees incurred are offset by the benefit gained due to the potential for improvement in execution price.

BOC may choose to, but is not required to, aggregate client orders consistent with its duty to seek best price and execution. Clients participating in an aggregated order will receive the average price of all transactions executed on a pro rata basis. If an order is partially filled, shares will be allocated pro rata based on the client's initial participation in the transaction. To the extent that the limited availability of a security would result in a de minimis allocation, BOC may exclude one or more accounts from participating in the order and select an alternative allocation method provided that such method is fair and equitable to all client accounts over time.

## **Item 13 – Review of Accounts**

Client accounts are reviewed at least quarterly by Mark B. Elhilow, R. Greg Smith, James W. Johnson and/or Hillary K. Knotts. The accounts are reviewed to ensure the portfolio is invested according to the client's Investment Policy Statement and is appropriate for their tolerance for risk. Additional reviews may occur more frequently due to such factors as inflows to or outflows from an account, significant market movements, economic or political events, or by changes in the client's personal life (such as retirement, termination of employment, physical move, or inheritance).

The account custodian provides monthly statements to the client detailing account activity and market value of securities held. BOC urges clients to compare information contained in reports provided by BOC with the account statements received directly from the account custodian.

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

Because BOC recommends client accounts be held at Schwab, Schwab provides BOC with access to free or discounted research materials from broker-dealers and/or other third-party providers. Schwab may also provide free or discounted industry information that does not qualify as research, such as newsletter or other publications pertaining to compliance, marketing, practice management, etc. In addition, events such as workshops or conferences may be available at reduced cost or no cost. These benefits are not provided on the basis of client transactions. Under no circumstances do any clients pay additional fees or commissions in order for BOC to obtain these products or services. Nonetheless, the receipt of these benefits in and of themselves may indirectly influence BOC's decision to continue using Schwab for custody and brokerage services.

## **Item 15 – Custody**

BOC is deemed to have custody of client accounts because investment advisory fees are directly debited from client accounts. Debiting of fees is done pursuant to authorization provided by each client. Usually monthly, but no less than quarterly, clients receive account statements directly from the custodian of their account. Custodial statements include account holdings, market values and any activity that occurred during the period, including the deduction of investment advisory fees. BOC urges clients to compare information contained in reports provided by BOC with the account statements received directly from the account custodian. Differences in portfolio value may occur due to various factors, including but not limited to: (1) unsettled trades; (2) accrued income; (3) pricing of securities; and, (4) dividends earned but not received.

BOC is also deemed to have custody of client assets as a result of clients authorizing BOC to distribute assets from their accounts to a specific named recipient in accordance with a standing letter of instruction. BOC intends to comply with the SEC No-Action Letter dated February 21, 2017 (Investment Adviser Association) allowing firms who comply with all of the provisions of the no-action letter to forego the annual surprise custody examination with respect to those assets.

BOC is also deemed to have custody of client accounts by virtue of the services they provide to certain clients (i.e. acting as trustee for a client's trust, serving as executor of a client's estate, or providing bill-paying services for a Family Office client). In order to protect client assets and comply with the rules and regulations related to custody, BOC engages the services of an independent CPA firm to conduct an annual audit of the accounts that BOC has custody.

## **Item 16 – Investment Discretion**

BOC offers Investment Supervisory Services on a discretionary basis. Clients grant BOC discretion over their account by providing authorization in the advisory agreement. This authorization gives BOC the authority to determine, without first obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, the broker/dealer used for execution of client transaction, and the commission rate paid by the client. When managing client accounts, investment discretion is limited only by specific instructions, guidelines and/or mandates provided by clients in writing and to which BOC agrees.

On a limited basis, BOC may enter into a non-discretionary investment advisory arrangement, which would involve giving recommendations that the client may choose to accept, reject or modify.

## **Item 17 – Voting Client Securities**

BOC does not take action or render any advice with respect to voting of proxies for the securities in client accounts. BOC will have no obligation to render advice or take any action with respect to any securities subject to any legal proceedings, such as class action lawsuits or bankruptcy. Clients will receive all proxies and other solicitations directly from their custodian.

## **Item 18 – Financial Information**

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. BOC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients, and has not been the subject of any bankruptcy proceeding.