

# Form ADV 2A Brochure

March 28, 2019





This brochure provides information about the qualifications and business practices of Water Oak Advisors, LLC (IARD No. 140486; SEC File No. 801-66872). If you have any questions about the contents of this brochure, please contact us at: 407-567-2956. 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.

Being registered as a registered investment advisor does not imply a certain level of skill or training.

Additional information about Water Oak Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



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## **Item 2: Material Changes**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure. This Firm Brochure being delivered is the complete brochure for the Firm.

- No material changes have been made since our last SEC filing on March 28, 2018.

## **Item 4: Advisory Business**

### *A. Firm Description*

Water Oak Advisors ("WOA") is one of the largest Fee-Only Wealth Management firms headquartered in Florida. The principal owners of WOA are L. Clarke Lemons, Stephen A. Curley and Scott Macaione

WOA has \$1,974,181,688 billion in assets; including \$1,824,189,958 in discretionary assets under management, and \$149,991,730 in non-discretionary assets under management (as of 3/15/2019).

The history of the firm dates back to 1997. The original entity was started by the President and Founding Partner, Clarke Lemons, as Capital Management Group. In 2006, it was changed to WaterOak Advisors.

WOA generally provides Investment Management services to a select group of individuals, high net worth individuals, investment companies, corporate pension and profit sharing plans, charitable institutions, foundation or endowments. Client relationships vary in scope and length of service.

Our collaborative process starts with trying to learn as much as we can about a client's need for return as well as their ability to tolerate market fluctuations. Once this is complete, we develop a portfolio mix that we believe can best deliver the risk / return characteristics that are desired by each client. As well, WOA strives to maintain an ongoing relationship with clients so as to be able to adjust a client's portfolio through time as their needs change.

### *B. Types of Advisory Services*

WOA provides investment management services, also known as asset management services, and furnishes investment advice through consultations.

#### **MANAGED PORTFOLIOS (WEALTH MANAGEMENT)**

WOA offers discretionary direct asset management services to advisory clients. WOA offers clients continuous and on-going portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize WOA discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. Please note, a small percentage of these assets under management may be managed on a non-discretionary basis per client instructions and/or asset type.

WOA may utilize mutual fund(s) where WOA serves as investment manager to the Fund(s) in advisory client accounts. The Fund(s) are utilized for a portion of the portfolios as a complement to WOA's existing Managed Portfolios. The percentage allocation of the Fund(s) for each individual portfolio will vary



based on our clients' respective model/overall risk tolerance as outlined in each client's advisory agreement.

#### TACTICAL PORTFOLIOS

The primary objective of the Tactical Portfolios is to outperform broad equity market indices utilizing tactical asset allocation. Adjustments are actively made to the portfolio based on a combination of quantitative indicators.

#### ADVISORY MANAGEMENT OF FUNDS

In addition to WOA's Investment Management services, WOA provides asset management services to investment companies such as mutual funds ("Funds"). Under this type of service, an investment company contracts with an Advisor and the Advisor is then responsible for managing all or a portion of the investment company assets of the Fund(s). WOA will manage the assets as prescribed in each Fund's Fund Prospectus. An investment company can be described as a firm that invests the pooled funds of retail investors for a fee. By combining the funds of a large number of small investors into a specific investment that fits the objectives of the investors, an investment company gives individual investors' access to a wider range of securities than individual investors themselves would have been able to access on their own. This structure typically allows investors to save on trading costs since the investment company is able to gain economies of scale in operations. An investment company must be registered under the Investment Company Act of 1940.

#### THIRD PARTY MANAGERS

WOA may utilize third party registered investment advisors to manage all or a portion of client portfolio assets. The services are provided to the clients of WOA pursuant to the Investment Advisory Agreement. WOA has conducted due diligence on one or more sub-

advisors and has entered into an agreement with them to provide Asset Management Services to WOA's clients. WOA has the sole responsibility for the selection and termination of sub-advisors. WOA may also, from time to time, enter into additional written sub-advisory agreements with third party registered investment advisors as it deems appropriate and in the best interests of clients. In conjunction with the sub-advisor, WOA will create a portfolio of one or all of the following: stocks, bonds, notes, mutual funds, exchange-traded funds (ETFs) and other investment products. In order to ensure that WOA's initial determination of an appropriate model portfolio continues to be suitable and that the client's account continues to be managed in a manner fitting the client's financial circumstances, WOA will maintain client suitability information in the client's file and will communicate this information to the sub-advisor(s) in a timely manner. If WOA believes that the sub-advisor is performing inadequately, or if WOA believes that a different investment or sub-advisor is more suitable for the client's account, then WOA will recommend a different investment or sub-advisor as appropriate and will reinvest the client's assets according to the authority it has been granted.

#### PENSION CONSULTING

WOA provides Asset Management Services on a non-discretionary basis to a select group of corporate retirement plans (such as 401Ks), whereby the final decision for investment implementation rests with the plan. All investment recommendations for said plans are submitted to, and executed by, the custodian for the plan.

#### WEALTH PLANNING

As part of the comprehensive services offered, WOA may provide wealth planning services to clients. WOA is able to customize wealth plans by focusing on goals planning, tax planning and estate planning. By getting to know each client

and understanding their needs, a dedicated wealth advisor will work to develop a wealth plan that fits their specific circumstances and goals.

### C. Client Tailored Services and Client Imposed Restrictions

The risk tolerance for each client is documented within the advisory agreement. Investment strategies are created to reflect the desired risk tolerance. Clients may impose reasonable restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client and WOA consent.

### D. Wrap Fee Programs

WOA does not participate in wrap fee programs.

### E. Client Assets under Management

WOA has \$1,974,181,688 billion in assets; including \$1,824,189,958 in discretionary assets under management, and \$149,991,730 in non-discretionary assets under management (as of 03/15/2019).

## Item 5: Fees and Compensation

### A. Method of Compensation and Fee Schedule

WOA bases its fees on a percentage of assets under management.

#### DISCRETIONARY

Fees for these services will be based on a percentage of assets under management as follows:

### Managed Portfolios

Assets Under Management	Annual Fee
First \$2,000,000	1%
Next \$3,000,000	.75%
Next \$5,000,000	.50%
Over \$10,000,000	.25%

### Tactical Portfolios

Assets Under Management	Annual Fee
All Assets	1%

Qualified Clients may choose an alternative fee structure, which consists of an annual fee of .25% for all assets under management and a participation / performance fee of 10%.

Assets Under Management (Qualified Client)	Annual Fee	Performance Fee
All Assets	.25%	10%

Performance allocation fees are subject to a "high water mark" limitation. As a result, after the first fiscal period in which a performance allocation is earned, the performance allocation for subsequent periods applies only to the extent that WOA's pro rata share of net profits measured on a cumulative basis, net of any losses, for all periods since admission exceeds the highest level of such cumulative net profits achieved through the close of any prior year since admission. Each year, as of January 1<sup>st</sup>, the high water mark will reset using the balance for the account as of December 31<sup>st</sup> of the previous year as the baseline for the new year.

All fees are billed quarterly in arrears based on the average daily market value of their accounts each calendar quarter.



Accounts with margin balances will be billed based on the total gross value of assets under management. Client accounts are aggregated by household to meet WOA fee schedule break points. Quarterly advisory fees deducted from the clients' account by the custodian will be reflected in an account statement provided by the custodian. The annual fee may be negotiable. Clients may terminate their account within five business days of signing the Investment Advisory Agreement for a full refund. Thereafter, either party may terminate the agreement at any time, for any reason, upon written notice. Accounts initiated or terminated during an applicable calendar quarter will be charged a pro rata fee for the days of service provided in the quarter. Client shall be given thirty (30) days prior written notice of any increase in fees.

#### FEES FOR ADVISORY MANAGEMENT OF FUNDS

Where WOA serves as investment manager to the Fund(s), as part of the asset allocation strategy, WOA will receive a management fee from the Fund(s). In addition, there are other applicable fund fees (i.e., administrative, 12b-1 fees, etc.) associated with operating the fund. The net expense ratio for the Fund(s) is documented in the Fund's prospectus and will vary based on the total value of assets in the fund. If any of WOA's investment management clients invest in the fund, WOA will waive its above mentioned advisory fee charged for investment management services on those funds invested.

#### PENSION CONSULTING

Fees for the services offered to corporate retirement plans (i.e. 401Ks); fees will vary based on plan size.

#### THIRD PARTY MANAGERS

Where client accounts are managed by sub-advisers or third party managers, accounts

will be charged a separate fee based on the strategy utilized, for which clients will execute a separate agreement with the respective sub-adviser and/or addendum to WOA's Agreement (if applicable).

#### *B. Client Payment of Fees*

Investment management fees are billed quarterly, in arrears, meaning that fees will be deducted after the three-month billing period has ended. Fees are usually deducted from each account unless a client designates a specific account to facilitate billing. The client must consent in advance as disclosed in the Investment Advisory Agreement to direct debiting of their investment accounts.

#### *C. Additional Client Fees Charged*

Clients may also incur certain charges imposed by custodians, banks, or other third parties such as transaction costs, custodial fees, wire transfer charges, margin interest and / or electronic fund fees. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in that fund's prospectus. WOA does not receive any compensation other than the advisory fees described in this Brochure.

Finally, WOA 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, WOA 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. To avoid engaging in prohibited transactions, WOA may only charge fees for investment advice about

products for which WOA and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which WOA and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset WOA advisory fees.

#### *D. External Compensation for the Sale of Securities to Clients*

WOA does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of WOA.

### **Item 6: Performance-Based Fees**

#### *A. Sharing of Capital Gains*

The Tactical Portfolios will charge a performance fee based on a share of capital gains on or capital appreciation of the assets of a client. To qualify for a performance-based fee arrangement, a natural person client must either demonstrate a net worth of at least \$2,100,000 (excluding the person's primary residence) or must have at least \$1,000,000 of assets under management immediately after entering into a management agreement with WOA. Performance-based fees will only be charged in accordance with the requirements of the Investment Advisers Act of 1940.

Clients should be aware that performance-based fee arrangements may create an incentive for WOA to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Principals of our firm may, and do, invest alongside our clients on occasion.

Side-by-side management refers to multiple client relationships where an adviser manages advisory client relationships on a simultaneous basis for individuals, businesses, and institutions among others. In such circumstances, potential conflicts of interest may arise by and between clients e.g., performance fee arrangements.

WOA does have side-by-side potential or actual conflicts of interest. WOA may receive a profit allocation from certain investment opportunities that may be available and allocated among our clients. . Also, tactical portfolios that mirror a WOA managed Fund's strategy are not traded on the same day as the Fund, which could put that strategy at a disadvantage. Details on when each tactical portfolio is traded is disclosed in the client agreement for that specific strategy. As a fiduciary to our clients, we have adopted brokerage policies for the fair and equitable treatment of all clients as more fully described in Item 12 below.

### **Item 7: Types of Clients**

#### *A. Description*

WOA generally provides Investment Management services to a select group of individuals, high net worth individuals, investment companies, corporate pension and profit sharing plans, charitable institutions, foundation or endowments. Client relationships vary in scope and length of service.

#### *B. Account Minimums*

Managed Portfolios (Wealth Management) For all portfolios managed on a discretionary basis, WOA requires a household minimum of \$1,000,000 to open an account. WOA reserves the right to waive this minimum at its discretion.



#### TACTICAL PORTFOLIOS

For all Asset Management portfolios managed on a discretionary basis under the Tactical Portfolios, WOA requires a household minimum of \$1,000,000 to open an account. WOA reserves the right to waive this minimum at its discretion.

#### PENSION CONSULTING

For the purposes of corporate retirement plans managed on a non-discretionary basis, the account minimum required is \$5 million.

These minimums may be waived by Investment Advisor Representatives at their discretion.

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

#### *A. Methods of Analysis and Investment Strategies*

The overarching goal of WOA's investment process is to provide individual investors access to the same strategies utilized by the country's largest endowments, foundations and pension plans.

WOA's services involve the development of dynamic asset allocation strategies that are implemented using exclusive, institutionally priced funds. Our asset allocation process involves the development of model portfolios based on each specific client's time frame, required rate of return and personal tolerance for risk, as well as utilizing modern portfolio theory as a tool for portfolio construction.

WOA utilizes a factor-based approach formulated on academic-based evidence. A factor-based approach utilizes time tested

principles based on academic risk factors such as the market, size (small vs. large stocks), style (value vs. growth), momentum, profitability, term/credit factors (fixed income), as well as alternative investments, including alternative asset classes (exotic beta) and alternative strategies (hedge fund beta). From time to time, WOA utilizes outside consultants to assist the investment committee with timely market research, as well as mean variance optimization and historical studies to ensure that our models reflect the impact of correlation, volatility (realized volatility) and friction, as well as being consistent with the expectations with our client's risk objective.

The investment and research process for the Managed Portfolios is based on forward looking market segment (asset class) decisions, as we believe asset allocation has the biggest impact on portfolio performance and risk management. The investment strategies utilized in WOA's Managed Portfolios are exclusive to institutional and investment advisor clients of WOA and are not directly accessible to retail clients.

#### SUB-ADVISOR RELATIONSHIPS:

WOA may identify and form relationships with sub-advisors that are compatible with the investment objectives of the client. Once the client has agreed to the strategy, WOA will assist with the implementation of the portfolio; continuously monitor the portfolio for performance, compliance with the investment guidelines, and material changes relating to the money manager. In addition, WOA reserves the right to reallocate assets on behalf of the client subject to the clients' approval. WOA will not place orders for transactions in the client's account or otherwise exercise trading authority over the Account at any time when a third party money manager(s) has trading authority over the Account. For investment supervisory

services, compensation is derived as fee income based upon the percentage of assets under management. The compensation method is explained and agreed with the clients in advance before any services are rendered.

### *B. Risk of Loss (General)*

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Risks in General: Investments are not guaranteed and you may lose money on your investments. Investors or prospective investors should carefully review the disclosure, offering, and organizational documents for any third party manager or investment fund(s) under consideration for investment for a detailed explanation of many of the risks associated with any particular investment.

Clients should understand that investing in any securities including equities and fixed income involves a risk of loss of both income and principal that a client must be prepared to bear.

### INVESTMENT STRATEGY RISK

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an investment advisory agreement, which contains their desired risk tolerance.

### ADDITIONAL RISKS

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **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.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company



within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **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.
- **Management Style Risk:** The ability of WOA to meet a client's investment objective is directly related to WOA's proprietary investment process. The process of identifying good investment opportunities is difficult and involves uncertainty. WOA's reliance on its long-term, academic based investment philosophy to identify attractive securities may prove to be incorrect certain times and may not produce the desired results.
- **Third-Party Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of independent

third-party investment managers prior to engaging them in a sub-advisory capacity 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.

## **Item 9: Disciplinary Information**

### *A. Criminal or Civil Actions*

WOA and its management have not been involved in any criminal or civil action.

### *B. Administrative Enforcement Proceedings*

WOA and its management have not been involved in any administrative enforcement proceedings.

### *C. Self Regulatory Organization Enforcement Proceedings*

WOA and its management have not been involved in any legal or disciplinary events related to past or present investment clients.

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

### *A. Broker-Dealer or Representative Registration*

Neither WOA nor any of its employees are affiliated with a broker-dealer.

### *B. Futures or Commodity Registration*

Neither WOA nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### *C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest*

WOA does not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment advisor or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- An accountant or accounting firm
- A practicing attorney or law firm
- An insurance company or agency
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships

Please see Item 5, Fees and Compensation, for discussion concerning WOA's relationship with any mutual fund where WOA serves as investment manager to the Fund(s). When

WOA recommends that its asset management clients invest in a Fund(s) where WOA is the investment manager, a material conflict exists in that WOA's incentive to recommend the fund may be based on economic factors and not necessarily the client's best interest. However, it is WOA's policy that the solicitation of asset management clients to invest in the fund be based on the client's goals and risk tolerance. In addition, if asset management clients do invest in the fund, WOA does not charge an advisory fee on those assets due to the fact that the Fund(s) pays a management fee to WOA.

### *D. Recommendations or Selections of Other Investment Advisors and Conflicts of Interest*

WOA may form relationships with sub-advisors that are compatible with the investment objectives of the client. Please see Item 8 for additional information regarding sub-advisors.

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

### *A. Code of Ethics Description*

WOA has adopted a Code of Ethics for all supervised persons describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at WOA must acknowledge the terms of the Code of Ethics annually, or as amended.



WOA's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of WOA may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

WOA's Code of Ethics is based on the guiding principle that the interests of the client are our top priority. WOA's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When the potential for conflict arises, it is our obligation to put the client's interests over the interests of the employees and the company.

The Code of Ethics applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

WOA's current or prospective clients may request a copy of the Code of Ethics by contacting our office at 407-567-2956.

#### *B. Investment Recommendations Involving a Material Financial Interest and Conflict of Interest*

Please see Item 4, Advisory Business, and Item 5, Fees and Compensation, for discussion

concerning WOA's relationship with mutual fund(s) where WOA is the investment advisor. When WOA recommends that its clients invest in mutual funds managed by WOA, a material conflict exists in that WOA's incentive to recommend the fund may be based on economic factors and not necessarily the client's best interest. However, it is WOA's policy that the solicitation of asset management clients to invest in the fund be based on the client's goals and risk tolerance. In addition, if asset management clients do invest in the fund, WOA does not charge an advisory fee on those assets due to the fact that the Fund(s) pay a management fee to the advisor (WOA).

#### *C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest*

WOA and its employees may buy or sell securities that are also held by clients. In order to avoid conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide WOA with copies of their brokerage statements.

The Chief Compliance Officer of WOA is Gregory Mendoza. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of WOA receive preferential treatment. Given the highly liquid nature of the securities that WOA recommends for its clients, the timing of employee trades should not have any impact on the market price of said securities.

*D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest*

WOA does not maintain a proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist.

**Item 12: Brokerage Practices**

*A. Factors Used to Select Broker-Dealers for Client Transactions*

WOA currently uses Fidelity Investments, TD Ameritrade and Charles Schwab Institutional. WOA has discretion as to which custodian is utilized, factors involved in the decision making process include, but are not limited to, the custodians' financial standing/ safety, the cost of commissions for each trade and the operational aspects of the custodians' back office. Please note, once a custodian is selected, WOA will not survey or shop the brokerage marketplace for best execution on a transaction-by-transaction basis (all client securities transactions will be executed through the selected custodian).

Furthermore, while WOA has not entered into any formal soft-dollar relationships based on the nature of directed brokerage, the custodians for WOA's clients makes available other products and services at a reduced cost or at no cost. These other products and services benefit WOA, but may not benefit its clients' accounts. Some of the other products and services assist WOA in managing and administering clients' accounts, including:

- Software and other technology that provide access to client account data (such as trade confirmations and account statements)

- Research, pricing information and other market data
- Facilitation for payment of fees to WOA from clients' accounts
- Assistance with back-office functions

These custodians also offer other services intended to help WOA manage and further develop the company, such as consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

As stated above, WOA has access to multiple brokerage platforms on which we can custody client assets each with a different fee schedule for the purchase or sale of securities. WOA weighs the pros and cons of each platform to determine where a client's asset should be held.

WOA participates in the TD Ameritrade Institutional Program. TD Ameritrade Institutional is a division of TD Ameritrade Inc. ("TD Ameritrade"), member FINRA/SIPC.

TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. WOA receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

WOA also works with Charles Schwab Institutional. Charles Schwab & Co., Inc. (Schwab), is an independently owned and operated [and unaffiliated] registered broker-dealer, member SIPC. Schwab offers to independent investment advisors services which include custody of securities, trade



execution, clearance and settlement of transactions. WOA receives some benefits from Schwab that are not typically available to Schwab retail customers. (Please see the disclosure under Item 14 below.)

In general, if WOA buys a mutual fund or ETF for a client, the selection of specific securities inside said strategy is generally the responsibility of the fund manager of that particular investment vehicle.

#### ADDITIONAL DISCLOSURES:

**Directed Brokerage:** We do not allow Clients to direct brokerage.

**Best Execution:** Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective.

**Factors affecting brokerage selection** include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. WOA does not receive any portion of the trading fees.

**Soft Dollar Arrangements:** WOA does not receive any formal soft dollar benefits from the custodians we utilize, nor from the broker dealers through which our managers may place trades. However, WOA has from time to time received small gifts, dinners, tickets, free research, discounts on products or other similar perks from custodians or investment

managers. WOA participates in the TD Ameritrade Institutional Program. WOA receives some benefits from TD Ameritrade through its participation in the program. Please see the disclosure under Item 14 below.

#### *B. Aggregating Securities Transactions for Client Accounts*

WOA may at times Aggregate or Block Trade purchases and sales of transactions.

**Aggregating (Block) Trading for Multiple Client Accounts:** If WOA buys or sells the same securities on behalf of more than one client, it might, but would be under no obligation to, aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple Clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, WOA would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. WOA would determine the appropriate number of shares to place with brokers and will select the appropriate brokers consistent with the Adviser's duty to seek best execution, except for those accounts with specific brokerage direction (if any).

Further, WOA Managed Portfolios may utilize sub-advisors as well. As part of its fiduciary duty, WOA monitors the performance of its sub-advisors, including its brokerage practices.

### **Item 13: Review of Accounts**

#### ***A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved***

Accounts are reviewed on a regular basis by the Investment Advisor Representative of the account. Accounts are reviewed more frequently when market conditions dictate. Absent specific client instruction, accounts are reviewed relative to asset allocations in the client's portfolio(s), accuracy of portfolio holdings, continuing suitability of investment products and to check that account performance is still working toward the client's goals and objectives.

#### ***B. Review of Client Accounts on Non-Periodic Basis***

Other conditions that may trigger a review of clients' accounts are changes in the tax laws or new investment information. Portfolios are also reviewed at a client's request or when a significant change in the client's circumstance occurs.

#### ***C. Content of Client Provided Reports and Frequency***

Clients receive account statements monthly for managed accounts and are issued by the Advisor's custodian. Client also receives confirmations of each transaction in account from Custodian.

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

#### ***A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest***

As disclosed under Item 12 above, WOA participates in TD Ameritrade's institutional customer program and WOA could recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between WOA's participation in the program and the investment advice it gives to its clients, although WOA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving WOA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance marketing, research, technology, and practice management products or services provided to WOA by third party vendors.

WOA considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided



Additionally, WOA also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include BCA Research, Morningstar Direct, Morningstar Advisor Workstation and Orion Advisor Services. TD Ameritrade provides the Additional Services to WOA in its sole discretion and at its own expense, and WOA does not pay any fees to TD Ameritrade for the Additional Services. WOA and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

WOA's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to WOA, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, WOA's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with WOA, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, WOA may have an incentive to recommend to its clients that the assets under management by WOA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. WOA's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts. All Clients benefit from the use of these services.

Finally, TD Ameritrade may also have paid for business consulting and professional services received by WOA's related persons. Some of the products and services made available

by TD Ameritrade through the program may benefit WOA, but may not benefit its client accounts. These products or services may assist WOA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help WOA manage and further develop its business enterprise. The benefits received by WOA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, WOA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by WOA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence WOA's choice of TD Ameritrade for custody and brokerage services.

As previously stated in Item 12 above, WOA could recommend Schwab as a custodian to WOA's clients. WOA is not part of the Schwab Advisor Services referral program, however, Schwab's institutional brokerage services includes access to a broad range of investment products, execution of securities transactions and custody of client assets. The investment products available through Schwab include some to which WOA might not otherwise have access to or that would require a significantly higher minimum initial investment by WOA's clients.

WOA receives an economic benefit from Schwab in the form of the support products and services it makes available to WOA and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which WOA would otherwise have to pay once the value of WOA's clients'

assets in accounts at Schwab reaches a certain amount. The availability of these services from Schwab benefits WOA because WOA does not have to produce or purchase them. Schwab has agreed to pay for products or services WOA would otherwise incur for technology, research, marketing and compliance consulting. These products and services are not contingent upon WOA committing any specific amount of business to Schwab in trading commissions or assets in custody. This creates an incentive for WOA to recommend that clients maintain their account(s) with Schwab. WOA's receipt of this economic benefit does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts. All clients benefit from the use of these services.

Finally, Schwab may also have paid for business consulting and professional services received by WOA's related persons. Some of the products and services made available by Schwab through the program may benefit WOA, but may not benefit its client accounts. These products or services may assist WOA in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help WOA manage and further develop its business enterprise. The benefits received by WOA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, WOA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by WOA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence WOA's choice of Schwab for custody and brokerage services.

WOA has issued eligible clients a credit for tax planning services as part of the wealth planning process. Logistically, the client will pay the CPA firm directly for services rendered. A proof of payment is submitted to WOA and upon approval, the credit is applied against their quarterly advisory fees with an annual maximum credit of \$500. Tax planning fees greater than \$500 will be credited annually, using the maximum \$500 credit per year, until the full amount has been satisfied.

#### *B. Advisory Firm Payments for Client Referrals*

WOA currently has and may enter into other agreements with solicitors who refer clients to WOA. Fidelity Investments and TD Ameritrade are current solicitors for WOA.

WOA participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which WOA receives referrals from Fidelity Personal and Workplace Advisors LLC ("FPWA"), a registered investment adviser and Fidelity Investments company. WOA is independent and not affiliated with FPWA or any Fidelity Investments company. . FPWA does not supervise or control WOA, and FPWA has no responsibility or oversight for WOA's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for WOA, and WOA pays referral fees to FPWA for each referral received based on WOA's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to WOA does not constitute a recommendation or



endorsement by FPWA of WOA's particular investment management services or strategies. More specifically, WOA pays the following amounts to FPWA for referrals: for referrals made prior to April 1, 2017, an annual percentage of 0.20% of any and all assets in client accounts; for referrals made after April 1, 2017, the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. For referrals made prior to April 1, 2017, these fees are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven year limitation. In addition, WOA has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by WOA and not the client.

To receive referrals from the WAS Program, WOA must meet certain minimum participation criteria, but Advisor may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, WOA could have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to WOA as part of the WAS Program. Under an agreement with FPWA, WOA has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these

arrangements, WOA has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when WOA's fiduciary duties would so require, and WOA has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, WOA would have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit WOA's duty to select brokers on the basis of best execution.

Furthermore, WOA does receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, WOA could have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with WOA and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise WOA and has no responsibility for WOA's management of client portfolios or WOA's other advice or services. WOA pays TD Ameritrade an on-going fee for each successful client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee

that the client pays to WOA ("Solicitation Fee"). For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. WOA will also pay TD Ameritrade the Solicitation Fee on any assets received by WOA from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired WOA on the recommendation of such referred client. WOA will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

As stated above, WOA's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, WOA would have an incentive to recommend to clients that the assets under management by WOA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, WOA has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish

brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. WOA's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **Item 15: Custody**

WOA is deemed to have custody because some clients have given us the authority to transfer assets to third parties pursuant to standing letters of authorization. Clients have also authorized WOA to directly debit advisory fees from their accounts. It was previously disclosed in the "Advisory Business" section (Item 4) and in the "Fees and Compensation" section (Item 5) of this Brochure that WOA directly debits advisory fees from client accounts.

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

### **ACCOUNT STATEMENTS**

Clients will receive monthly statements from the custodian which holds and maintains the respective clients' investment assets (i.e. Fidelity Investments, TD Ameritrade or Charles Schwab Institutional). WOA urges clients to carefully review such statements and compare such official custodial records to any internally generated account statements that we may provide to said clients. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Furthermore, WOA does not have access to client funds and/or securities with the



exception of having advisory fees deducted from the client's account and paid to WOA by the respective account custodian and to complete any transfer of assets to third parties as requested by the client.

## **Item 16: Investment Discretion**

### **DISCRETIONARY AUTHORITY FOR TRADING**

Except as otherwise noted in Item 4, WOA usually receives discretionary authority from the client at the outset of an advisory relationship. Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly select, monitor and replace appropriate investments in a manner consistent with the stated investment objectives of the particular client account. When discretionary authority is granted, it is limited to determine the security to purchase or sell as well as the amount of securities to purchase or sell.

When investing client assets, WOA will observe any investment policies, limitations and restrictions that a client may have. In the event a client has any unique investment guidelines and / or restrictions, they must be provided to WOA in writing.

## **Item 17: Voting Client Securities**

### **PROXY VOTES**

WOA generally does not vote proxies on individual securities, ETF's or mutual funds held inside individual client portfolios. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

Typically, it should be noted that many client approved third-party managers do vote proxies on behalf of their clients. As

such, we encourage all clients to review the proxy voting provisions of each third-party investment manager prior to engagement.

For any mutual fund where WOA serves as investment manager to the Fund(s), WOA practices "mirror voting", under which shares are voted in the same manner and proportion as some or all of the other shares not voted by the respective proxy committees.

WOA does at times support clients in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proof of Claims" in class action settlements.

## **Item 18: Financial Information**

### *A. Balance Sheet*

A balance sheet is not required to be provided because WOA does not serve as a custodian for client funds or securities and WOA does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

### *B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients*

WOA has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### *C. Bankruptcy Petitions during the Past Ten Years*

WOA nor its owners have been the subject of a bankruptcy proceeding.





| [wateroak.com](http://wateroak.com)

T 407.567.2956 F 407.622.1799

145 Lincoln Avenue, Suite A

Winter Park FL 32789

