

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

**Blue Water Capital Management, LLC**

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This brochure provides information about the qualifications and business practices of Blue Water Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (315) 438-8690 ext.11 or [bbachman@bluewatercm.com](mailto:bbachman@bluewatercm.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 Capital Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 143414.

## **Item 2     Material Changes**

The Securities and Exchange Commission (the “SEC”) adopted regulations requiring Amendments to Form ADV in July 2010. These rules required Registered Investment Advisors (Advisors) to develop and distribute to its Clients in narrative format, a “Plain English” Brochure as its official disclosure document. The rules also require an Advisor to provide a Summary of Material Changes document to its Clients along with an offer to provide a copy of the complete Brochure at least annually or if there is a material change. Under the rules, if a Client wishes to receive a copy of the Brochure, fulfillment of the request will be at the expense of the Advisor.

Material changes primarily apply to:

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Item 12. Brokerage Practices

### Brochure Availability

At any time, you may view the current Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may also request a copy of this Brochure upon written request to:

Blue Water Capital Management, LLC  
1001 James St.  
Syracuse, NY 13203

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## **Item 4     Advisory Business**

Blue Water Capital Management, LLC is a SEC-registered investment adviser with its principal place of business located in New York. Blue Water Capital Management, LLC began conducting business in 2007.

Listed below are the firm's principal shareholders:

- Stephen Dean Swift, ChFC, Chief Marketing Officer
- John Andrew Paganelli, Chief Operating Officer, Chief Financial Officer, Secretary
- Robert Bruce Bachman, CLU, ChFC, Chief Compliance Officer

Blue Water Capital Management, LLC offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio monthly and if necessary, rebalance the portfolio, based on the client's individual needs.

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

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers

- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.

- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- Interests in partnerships investing in real estate

- Interests in partnerships investing in oil and gas interests

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **AMOUNT OF MANAGED ASSETS**

As of 03/16/2015 we were actively managing \$95,215,982 of clients' assets on a discretionary basis plus \$366,461 of clients' assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **PORTFOLIO MANAGEMENT SERVICES FEES**

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.50% to 1.55%.

The annualized fee for Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

<u>Portfolio Value</u>	<u>Annual fee</u>
First \$250,000 (\$0 - \$250,000)	1.55%
Next \$250,000 (\$250,001 - \$500,000)	1.50%
Next \$500,000 (\$500,001 - \$1,000,000)	1.25%
Next \$1,000,000 (\$1,000,001 - \$2,000,000)	1.00%
Next \$1,000,000 (\$2,000,001 - \$3,000,000)	0.75%
Above \$3,000,000	0.50%

\*Subject to a minimum annual fee of \$775 .

Blue Water Capital Management,LLC currently does not charge fixed fees. However were they to be charged they would be negotiated in advance with the client. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Investment Management Agreement.

A minimum of \$50,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Blue Water Capital Management, LLC may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

***Limited Negotiability of Advisory Fees:*** Although Blue Water Capital Management, LLC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## **FINANCIAL PLANNING FEES**

Blue Water Capital Management, LLC's Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Financial planning and consulting fees will be charged on an hourly basis, ranging from \$150 to \$250 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

***Fees Offset By Commissions:*** If a Financial Planning client executes recommended securities transactions through associated persons of our firm in their separate capacities as registered representatives of a broker dealer, these individuals will earn commissions which are separate and distinct from fees charged for advisory services. In some instances, depending on the size of the transaction, advisory fees will be discounted, at our discretion, for commissions earned. Commissions will not be credited towards future advisory fees.

The client will be billed quarterly in arrears based on actual hours accrued.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid,



unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund and ETF Fees:*** All fees paid to Blue Water Capital Management, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Blue Water Capital Management, LLC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***ERISA Accounts:*** Blue Water Capital Management, LLC 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"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Blue Water Capital Management, LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Blue Water Capital Management, LLC's advisory fees.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered. As state-registered advisers are subject to the rules and regulations of their home state (i.e., the state in which the firm maintains its principal place of business) these firms should review home state requirements which may limit prepayment of fees in excess of \$500.

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

Blue Water Capital Management, LLC does not charge performance-based fees.

## **Item 7 Types of Clients**

Blue Water Capital Management, LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations

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

Blue Water Capital Management uses the following types of analysis in formulating investment advice and managing client portfolios.

### **Investment Strategies**

Blue Water Capital Management uses both tactical and strategic portfolio construction in managing client accounts. Their selection is based on which is/are most appropriate to the needs of the client and consistent with the clients investment objectives, risk tolerance and time horizon, among other considerations.

### **Tactical Strategies**

Tactical portfolios are titled CataMetrics Strategies ("CMS"). CMS is an ETF-based investment strategist and a division of Blue Water Capital Management, LLC ("BWCM"). CMS offers global

risk managed, multi-asset class and index-focused portfolio strategies to institutions and individuals. CataMetrics Management, LLC ("CMM"), an independent investment adviser provides a volatility-based model construction methodology and marketing/ investment management expertise to CMS. Both BWCM and CMM are registered with the SEC under the Investment Advisers Act of 1940.

CataMetrics Strategies utilizes a proprietary rules-based algorithm designed to measure the risk of each holding in the portfolio on a daily basis and tactically respond to market risk by systematically selecting, weighting and rebalancing securities as market sectors shift between stable and unstable conditions. Specifically the strategies seek to allow private investors to participate in markets when they are stable and to exit markets in favor of cash and/or U.S. Treasuries when they become critically unstable.

## **Strategic Asset Allocation Strategies**

Strategic Asset Allocation Strategies are used when appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizon among other things. When constructing a strategic portfolio, the selection of investments or sectors of investments is done with the client's tolerance for risk and need for reward in mind. These portfolios are constructed and maintained by BWCM's Investment Committee, utilizing the research resources of Envestnet® | PMC® .

BWCM utilizes Envestnet® | PMC® as an outsourced provider of economic and portfolio management research as well as manager due diligence and selection for its Strategic Allocation Strategies. Using guidance provided by Envestnet® | PMC®, BWCM's Investment Committee makes final manager selection and asset allocation model determinations for use in the portfolios.

All investments in securities include a risk of loss that Clients should be prepared to bear. This includes the risk of capital (a Client's invested amount) and any profits that have been realized as well as profits not yet realized. Stock and bond markets may fluctuate substantially over time, and performance of any investment is not guaranteed. BWCM's investment strategies may not achieve their objectives, and they are not intended to be a complete investment program.

## **Material Risks**

### **Investment Risks**

*Correlation Risk:* Although the prices of equity securities and fixed-income securities, as well as other asset classes, often rise and fall at different times so that a fall in the price of one may be offset by a rise in the price of the other, in down markets the prices of these securities and asset classes can also fall in tandem.

*Credit Risk:* Issuers may not make interest or principal payments on securities, resulting in losses to a client. In addition, the credit quality of securities held by a client may be lowered if an issuer's financial condition changes, including the U.S. government.

*Diversification Risk:* A client's portfolio may be limited to only a few investments. The client's performance may be more sensitive to any single economic, business, political or regulatory occurrence than the value of a more diversified client portfolio.

*Emerging Market Risk:* Emerging market countries may have relatively unstable governments, weaker economies and less-developed legal systems with fewer security holder rights. Emerging market economies may be based on only a few industries and security issuers may be more susceptible to economic weakness and more likely to default. Emerging market securities also tend to be less liquid.

*Exchange Traded Funds:* ETFs are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. ETFs' managers trade fund investments in accordance with fund investment objectives. While ETFs generally provide diversification, risks can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money) to a significant degree, or concentrate in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day), however, there is no guarantee this relationship will always exist.

*Fixed Income Risk:* A client may invest in fixed income securities, directly or through ETFs. The credit quality rating of securities may be lowered if an issuer's financial condition deteriorates and issuers may default on their interest and/or principal payments. Typically, a rise in interest rates causes a decline in the value of fixed income securities.

*Foreign Investment Risk:* Foreign investing involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency values, adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards.

*Geographic Concentration Risk:* A strategy may be particularly susceptible to economic, political, regulatory or other events or conditions affecting countries within the specific geographic regions in which the strategy invests.

*Market Risk:* Overall equity and fixed income securities market risks affect the value of a client's portfolio. Factors such as domestic economic growth and market conditions, interest rate levels and political events affect the securities markets.

*Small and Medium Capitalization Stock Risk:* A client may invest directly or through ETFs in companies of any size capitalization. The price of small or medium capitalization company stocks may be subject to more abrupt or erratic market movements than larger, more established companies or the market averages in general.

*Turnover Risk:* A higher portfolio turnover will result in higher transactional and brokerage costs and may result in higher taxes when a client's investments are held in a taxable account.

*U.S. Government Securities Risk:* Although U.S. Government securities are considered among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

## **Item 9     Disciplinary Information**

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

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Clients should be aware that the receipt of additional compensation by Blue Water Capital Management, LLC and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Blue Water Capital Management, LLC endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

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

Blue Water Capital Management, LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

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

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

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [bbachman@bluewatercm.com](mailto:bbachman@bluewatercm.com), or by calling us at (315)438-8690 ext. 11.

Blue Water Capital Management, LLC and individuals associated with our firm are prohibited from engaging in principal transactions.

Blue Water Capital Management, LLC and individuals associated with our firm are prohibited from engaging in agency cross transactions.

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

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

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

## **Item 12 Brokerage Practices**

Blue Water Capital Management, LLC does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Blue Water Capital Management, LLC requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our clients for these transactions.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Blue Water Capital Management, LLC has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Blue Water Capital Management, LLC in conducting business and in serving the best interests of our clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Blue Water Capital Management, LLC to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Blue Water Capital Management, LLC. Blue Water Capital Management, LLC currently does not avail themselves of any of these services.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of Blue Water Capital Management, LLC's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Blue Water Capital Management, LLC will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and

services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Blue Water Capital Management, LLC and Fidelity are not affiliated.

Blue Water Capital Management may combine multiple orders for the purchase or sale of shares of the same security for client accounts in which the Firm has discretion into a single "block" order. The Firm will then allocate the shares to participating accounts consistent with each individual account's respective order as determined by our trade order management system. Trade aggregation is performed to ensure, to the extent possible, that clients receive optimal execution and consistent results across the Firm's client base. Each account's share of the block order is determined solely by the appropriate amount of such security called for by the particular strategy subscribed to by the client. Subject to the Firm's discretion regarding factual and market conditions, when orders are combined, each participating account pays an average price per share for all transactions. Accounts owned by the Firm or persons associated with the Firm may participate in aggregated orders; however, they will not be given preferential treatment. The Firm has adopted trade aggregation and allocation policies and procedures designed to ensure accounts are treated fairly when orders are aggregated for execution.

In the event a single aggregated order cannot be affected across all custodial platforms, a trade rotation policy shall be implemented to ensure fairness of execution. All discretionary clients who share a broker are assumed to be a single aggregated order on the trade rotation schedule as well as non-discretionary accounts on a separately managed account platform. The accounts for each broker or platform are then traded alphabetically and then in reverse order.

Due to the nature of the trade rotation process, trading for Blue Water's discretionary accounts may be conducted at the same time as trading being conducted by model sponsors or accounts where the firm is not granted trading discretion. As a result, Blue Water's discretionary accounts may obtain more favorable execution prices than model portfolio accounts or vice versa.

## **Item 13    Review of Accounts**

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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



It is Blue Water Capital Management, LLC's policy to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

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

## **Item 15 Custody**

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

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

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

### **Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

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

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

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

## **VOTING CLIENT SECURITIES**

We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting R. Bruce Bachman by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Blue Water Capital Management by telephone, email, or in writing.

We vote proxies for some, but not all of our clients. Clients may, at their election, choose to receive proxies related to their own accounts, in which case we may consult with clients as requested.

We vote proxies for discretionary accounts.

We do not vote proxies for non-discretionary accounts.

For accounts where we do not vote proxies, our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting R. Bruce Bachman by phone, mail or email.

## **Item 18 Financial Information**

Blue Water Capital Management, LLC has no financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Blue Water Capital Management, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.

**Part 2B of Form ADV: *Brochure Supplement***

Robert Bruce Bachman

Blue Water Capital Management, LLC  
1001 James Street  
Syracuse, New York 13203

01/08/2015

This brochure supplement provides information about Robert Bruce Bachman that supplements the Blue Water Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact R. Bruce Bachman (315)438-8690 ext. 11 if you did not receive Blue Water Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Robert Bruce Bachman is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Item 2 Educational Background and Business Experience

**Full Legal Name:** Robert Bruce Bachman      **Born:** 1937

### Education

- Colgate University; BS, Economics; 1959

### Business Experience

- Blue Water Capital Management, LLC; Chief Compliance Officer; from 03/07 to Present
- Hazard & Siegel, Inc.; Registered Representative; from 09/04 to 12/10
- Portfolio Consulting Group, Inc.; Chief Compliance Officer and Sales Representative; from 12/99 to 02/07
- Leigh Baldwin & Co.; Sales Representative; from 03/00 to 08/04

### Designations

Robert Bruce Bachman has earned the following designation(s) and is in good standing with the granting authority:

- CLU; The American College; 1970

*The qualifications have evolved over the years, however at the time it was conferred it consisted of ten separate courses including law, economics, finance, labor and a comprehensive inclusive estate planning unit.*

- ChFC; The American College; 1986

*The ChFC program is administered by the American College, Bryn Mawr, Pennsylvania. This designation has the same core curriculum as the CFP designation, plus two or three additional elective courses that focus on various areas of personal financial planning. In addition to successful completion of an exam on areas of financial planning, including income tax, insurance, investment and estate planning, candidates are required to have a minimum of three(3) years experience in a financial industry position.*

## Item 3 Disciplinary Information

Robert Bruce Bachman has no reportable disciplinary history.

## **Item 4 Other Business Activities**

### **A. Investment-Related Activities**

1. Robert Bruce Bachman is not engaged in any other investment-related activities.

2. Robert Bruce Bachman does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

### **B. Non Investment-Related Activities**

Robert Bruce Bachman is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

## **Item 5 Additional Compensation**

Robert Bruce Bachman does not receive any economic benefit from a non-advisory client for the provision of advisory services.

## **Item 6 Supervision**

Stephen D. Swift, John A. Pagganelli and R. Bruce Bachman named in Part 2A of Form ADV, Item 4 are those whom qualify as "Supervised Persons." These individuals are owners of Blue Water Capital Management, LLC. and comprise the firm's Management Team and are, as well, the sole members of the Management Committee and the Investment Committee. As such, these owner/managers are in constant contact with each other and are thus involved in their preparation and decisions regarding all advisory activities on behalf of the firm. They all may be reached at the firm telephone number, (315)438-8690.

Thomas William Brown  
(315)438-8690 X15

Blue Water Capital Management, LLC  
1001 James Street  
Syracuse, New York 13203

03/16/2015

This brochure supplement provides information about Thomas William Brown that supplements the Blue Water Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact R. Bruce Bachman (315)438-8690 ext. 11 if you did not receive Blue Water Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Thomas William Brown is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2 Educational Background and Business Experience**

**Full Legal Name:** Thomas William Brown      **Born:** 1985

### **Education**

- Syracuse University; Bachelor of Science, Finance, Entrepreneurship; 2007

### **Business Experience**

- Hazard and Siegel, Inc., Registered Representative, from 2011 to Present.
- Blue Water Capital Management, LLC; Financial Advisor Associate; from 2011 to Present
- AXA Equitable; Financial Advisor; from 2008 to 2010

## **Item 3 Disciplinary Information**

Thomas William Brown has no reportable disciplinary history.

## **Item 4 Other Business Activities**

Registered Representative of a Broker Dealer

- The Broker Dealer with whom Thomas is registered has selling agreement with RIA.
- A potential conflict of interest exists with the possibility to earn commissions on the sale to advisory clients in addition to advisor receiving fees for portfolio management. This conflict can be mitigated by strict management oversight and the ability to reduce management fees when this circumstance exists.
- *He receives commissions only from the broker dealer*



### **Insurance company or agency**

- *There is no business relationship between RIA and other business with which he may be involved.*
- *Thomas holds licenses to sell life, health, disability and long term care insurance in New York State.*
- *Commissions are the only compensation earned in this relationship.*
- *A conflict of interest could exist where financial planning uncovers a need for an insurance product. In this case a commission would be paid to the associate in addition to fees being paid relative to the financial planning or asset management process. This conflict can be mitigated by strict management oversight and the ability to reduce management fees when commissions are paid.*

### **Non Investment-Related Activities**

Thomas William Brown is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his or her time.

### **Item 5 Additional Compensation**

*Thomas receives no compensation in addition to those related above.*

### **Item 6 Supervision**

**Supervisor:** Stephen D. Swift

**Title:** Chief Executive Officer

**Phone Number:** (315)438-8690 X13

*Stephen Swift works closely with Thomas on a daily basis. This includes training, supervision, meetings and joint appointments.*

**Part 2B of Form ADV: *Brochure Supplement***

John Andrew Paganelli

Blue Water Capital Management, LLC

Syracuse, New York 13203

01/16/2015

This brochure supplement provides information about John Andrew Paganelli that supplements the Blue Water Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact R. Bruce Bachman if you did not receive Blue Water Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about John Andrew Paganelli is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2 Educational, Background and Business Experience**

**Full Legal Name:** John Andrew Paganelli

**Born:** 1967

### **Education**

- Rochester Institute of Technology; BS, Finance; 1990

### **Business Experience**

- Blue Water Capital Management, LLC; Chief Operating and Financial Officer; from 04/07 to Present
- Portfolio Consulting Group, Inc.; Vice President Operations and Finance; from 10/03 to 02/07
- Berger Funds; Treasurer; from 04/01 to 05/03
- Berger Financial Group; Vice President , Investment Accounting; from 01/97 to 05/03

## **Item 3 Disciplinary Information**

John Andrew Paganelli has no reportable disciplinary history.

## **Item 4 Other Business Activities**

### **A. Investment-Related Activities**

1. John Andrew Paganelli is not engaged in any other investment-related activities.

2. John Andrew Paganelli does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

### **B. Non Investment-Related Activities**

*John Andrew Paganelli is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.*

## **Item 5 Additional Compensation**

John Andrew Paganelli does not receive any economic benefit from a non-advisory client for the provision of advisory services.

## **Item 6 Supervision**

Stephen D. Swift, John A. Paganelli, and R. Bruce Bachman, named in Part 2A of Form ADV, Item 4, are those whom qualify as "Supervised Persons." These individuals are owners of Blue Water Capital Management, LLC and comprise the firm's management team as well as the sole members of the Management Committee and the Investment Committee. As such, these owner/managers are in constant contact with each other and involved in their preparation and decisions regarding all advisory activities on behalf of the firm. They may all be reached at the firm telephone number (315)438-8690.

**Part 2B of Form ADV: *Brochure Supplement***

Trisha Lynne Sterling  
(315)438-8690 X19

Blue Water Capital Management, LLC  
1001 James Street  
Syracuse, New York 13203

01/12/2015

This brochure supplement provides information about Trisha Lynne Sterling that supplements the Blue Water Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact R. Bruce Bachman (315)438-8690 ext. 11 if you did not receive Blue Water Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Trisha Lynne Sterling is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2 Educational Background and Business Experience**

**Full Legal Name:** Trisha Lynne Sterling

**Born:** 1975

### **Education**

- Canton State University; B.B.A. Business Management; 2013, Magna Cum Laude

### **Business Experience**

- Blue Water Capital Management, LLC; Client Services Manager; from 2008 to Present
- Hazard and Siegel; Registered Representative; from 2008 to 2014
- Leigh Baldwin and Company; Registered Representative; from 2008 to 2008
- Royal Alliance; Registered Representative; from 2007 to 2008
- Advanced Group Financial Services; Operations Manager; from 2003 to 2007

## **Item 3 Disciplinary Information**

Trisha Lynne Sterling has no reportable disciplinary history.

## **Item 4 Other Business Activities**

### **A. Investment-Related Activities**

Trisha Lynne Sterling is not engaged in any other investment-related business or occupation that provides substantial compensation or involves a substantial amount of her time.

### **B. Non Investment-Related Activities**

Trisha Lynne Sterling is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of her time.

## **Item 5 Additional Compensation**

Trisha Lynne Sterling does not receive any economic benefit from a non-advisory client for the provision of advisory services.

## **Item 6 Supervision**

**Supervisor:** John A. Paganelli

**Title:** President

**Phone Number:** (315)438-8690 X12



**Part 2B of Form ADV: *Brochure Supplement***

Stephen Dean Swift

Blue Water Capital Management, LLC  
1001 James Street  
Syracuse, New York 13203

01/16/2015

This brochure supplement provides information about Stephen Dean Swift that supplements the Blue Water Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact R. Bruce Bachman (315)438-8690 ext. 11 if you did not receive Blue Water Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Stephen Dean Swift is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Item 2 Educational Background and Business Experience

**Full Legal Name:** Stephen Dean Swift      **Born:** 1955

### Education

- State University College of Buffalo; BS, Education; 1979

### Business Experience

- Blue Water Capital Management, LLC; Chief Marketing Officer; from 03/07 to Present
- Hazard & Siegel, Inc.; Registered Representative; from 09/04 to 12/12
- Portfolio Consulting Group; Member; from 04/02 to 12/11
- Leigh Baldwin & Co., LLC; Registered Representative; from 01/02 to 09/04
- Security Mutual Life; General Agent; from 01/02 to 12/04
- Equity Services, Inc.; Registered Representative; from 03/98 to 01/02
- National Life of Vermont; District Agent; from 03/98 to 01/02

### Designations

Stephen Dean Swift has earned the following designation(s) and is in good standing with the granting authority:

- ChFC; The American College; 2001  
*The ChFC program is administered by the American College, Bryn Mawr, Pennsylvania. The designation has the same core curriculum as the CFP designation, plus two or three additional elective courses that focus on various areas of personal financial planning. In addition to successful completion of an exam on areas of financial planning, including income tax, insurance, investment and estate planning, candidates are required to have a minimum of three (3) years experience in a financial industry position.*

## Item 3 Disciplinary Information

Stephen Dean Swift has no reportable disciplinary history.

## Item 4 Other Business Activities

### A. Investment-Related Activities

Stephen Dean Swift is also engaged in the following investment-related activities:

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### **Insurance company or agency**

*Stephen Swift holds licenses to sell Life, Health, Disability and Long Term Care Insurance in New York. He receives commissions only for these transactions.*

A conflict of interest could exist where financial planning uncovers a need for an insurance product. In this case a commission would be paid to the associate in addition to fees paid relative to the financial planning or asset management process. This conflict can be mitigated by strict management oversight and the ability to reduce management fees when commissions are paid.

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### **B. Non Investment-Related Activities**

Stephen Dean Swift is an elected member of the Board of Education for the City of Syracuse. For this activity he receives a modest stipend.

## **Item 5 Additional Compensation**

Stephen Dean Swift does not receive any economic benefit from a non-advisory client for the provision of advisory services.

## **Item 6 Supervision**

Stephen D. Swift, John A. Paganelli, and R. Bruce Bachman, named in Part 2A of Form ADV, Item 4 are those whom qualify as "Supervised Persons." These individuals are owners of Blue Water Capital Management, LLC. and comprise the firm's management team as well as the sole members of the Management Committee and the Investment Committee. As such these owner/managers are in constant contact with each other and involved in their preparation and decisions regarding all advisory activities in behalf of the firm. They all may be reached at the firm telephone number (315) 438-8690.