

# **BREAKWATER CAPITAL, LLC**

251 N. Rose Street  
Suite 200  
KALAMAZOO, MI 49007  
269.903.2360  
[www.breakwater.capital](http://www.breakwater.capital)

March 2020

This brochure provides information about the qualifications and business practices of Breakwater Capital LLC. If you have any questions about the contents of this brochure, please contact us at 269-903-2360. 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 Breakwater Capital LLC is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov)

**MATERIAL CHANGES**

No material changes since the last amendment

**ADV PART 2A**

Item 1. Cover Page	1
Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	6
Item 6. Performance Based Fees and Side by Side Management	6
Item 7. Types of Clients	6
Item 8. Methods of Analysis, Investment Strategies, Risk of Loss	6
Item 9. Disciplinary Information	6
Item 10. Other Financial Industry Activities and Affiliations	6
Item 11. Code of Ethics	6
Item 12. Brokerage Practices	7
Item 13. Review of Accounts	7
Item 14. Client Referrals and Other Compensation	8
Item 15. Custody	8
Item 16. Investment Discretion	8
Item 17. Voting Client Securities	8
Item 18. Financial Information	8
Item 19. Requirements for State Registered Advisors	9

**SUPERVISED PERSON BROCHURE SUPPLEMENT**

**Item 4. Advisory Business**

Ross Michael Pollard solely owns Breakwater Capital LLC and also provides services under Integrated Financial Planning and is an investment advisor that specializes in financial planning, which we define as the long-term process of wisely managing your finances so you can achieve your goals and dreams, while at the same time navigating the financial barriers that inevitably arise in every stage of life.

Advisor provides financial planning and investment management services. Prior to engaging the firm to provide any of the services, the client is required to enter into one or more written agreements with Breakwater setting forth the terms and conditions under which Breakwater renders its services (collectively the “*Agreement*”).

Breakwater began its operations in 2014, and is solely owned by Ross Pollard.

**Financial Planning Service**

---

Advisor may provide its clients with a broad range of comprehensive financial planning services. These services include business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client. Financial Planning starts with goal setting, and depending on your goals, the following areas may be addressed:

**Goal Setting** – Goal Setting begins with the Personal Discovery, a one to two hour meeting in which we learn about the goals that will be central to your financial plan. We then collect all the financial data needed to analyze how much you should earn, spend and save to reach your goals.

**Retirement Planning** – A lifetime cash flow projection is created to analyze when and under what circumstances your retirement can be achieved and maintained.

**Estate Planning** – In conjunction with your estate planning attorney, we will help analyze and suggest the most appropriate estate planning techniques and tools. This analysis incorporates the income needs of dependents, philanthropic goals, business transition and trust management.

**Insurance** – We advise you on the proper amount and type of insurance for your needs. This advice can cover life, disability, property, automobile, long-term care and umbrella liability insurance. Breakwater does not sell insurance, nor do we receive commissions for referrals to insurance brokers.

**Philanthropic Giving** – Advisor provides advice regarding tax-appropriate vehicles to accomplish your philanthropic objectives.

**Other Planning Services** – Advisor provides advice regarding funding college accounts, real estate issues, and business transition planning.

In performing its services, Advisor is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is authorized to rely on such information. The client is under no obligation to act upon any of the recommendations of Advisor. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Advisor’s advice. Clients are advised that it remains their responsibility to promptly notify Breakwater if there is ever any change in their financial situation or investment objectives.

### Investment Management Services

Clients can engage Breakwater to manage all or a portion of their assets on a discretionary basis. As of 12/31/2019 Breakwater managed approximately \$109,345,771 all on a discretionary basis. Breakwater primarily allocates clients' assets among mutual funds, exchange traded funds ("ETFs") and options. Breakwater may also render advice to clients relative to variable life/annuity products they own, individual employer sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian.

Breakwater tailors its advisory services to the individual needs of clients. Breakwater consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs.

## **Item 5. Fees and Compensation**

### Financial Planning Fees

Breakwater generally includes financial planning in its investment management fee for clients whose investment management fee exceeds \$5,000 annually. For clients who wish to engage the firm for financial planning services only, or whose management fee is less than \$5,000 annually, the firm charges on an hourly basis. These fees are negotiable, but generally range from \$100 to \$250 on an hourly basis, depending on the level and scope of services. An estimate of the time required and total fees to be incurred will be discussed with the client in advance of the engagement. The balance of the fee is generally due upon delivery of the financial plan or completion of the agreed upon service.

### Investment Management Fees

Breakwater provides investment management and financial planning for a fee based upon a percentage of the market value of assets being managed by Breakwater. Breakwater's management fee is exclusive of, and in addition to brokerage fees, transaction fees, and other related costs and expenses which are incurred by the client. Breakwater, however, does not receive any portion of these commissions, fees and costs. Breakwater's fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Breakwater on the last day of the previous quarter. The annual fee varies (between .25% and 1.00%) depending on the market value of assets under management, as follows:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>FEE</u></b>
Up to \$3,000,000	1.00%
\$3,000,001 - \$5,000,000	0.75%
\$5,000,001 - \$10,000,000	0.50%
Above \$10,000,000	0.25%

Your fee is automatically deducted from your investment accounts. If you decide to end our relationship prior to the end of the quarter, your fees will be pro-rated. We do not charge a termination fee. A final invoice will immediately be prepared based on the number of days during the quarter that your account was under our management and any refund due in fees will be mailed to you within five (5) days.

Breakwater, in its sole discretion, may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earnings, legacy clients, anticipated future assets, related accounts, account composition, account retention, and *pro bono* activities, etc.).

Since Breakwater does not sell commission products and invest only in no load funds, we do not believe we have a conflict of interest with you. We neither accept nor receive compensation for security trading from our custodians. However, we receive certain services from our custodians aiding in brokerage and research services. These services help in the execution of trades, office operations and record keeping.

#### **Item 6. *Performance-Based Fees and Side-by-Side Management***

Breakwater does not accept *performance-based* fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

#### **Item 7. Types of Clients**

Breakwater provides services to individuals, high net worth individuals, couples, families, small businesses and non-profit organizations. We accept new clients who have a minimum of \$250,000.00 to invest. This requirement is subject to exceptions on a case-by-case basis.

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

Breakwater employs a fundamental method to security and fund analysis. We strive to gauge the fair value of a given security and determine where the economy is heading. Breakwater also keeps up with relevant academic research on modern portfolio theory, asset allocation strategies and income distribution planning to incorporate relevant concepts in our practice.

While investment in any security involves a risk of total loss, and there can be no assurance that Breakwater will be able to predict market movements accurately, we try to limit that risk by effectively diversifying your assets between domestic and international financial markets, and avoiding those asset classes that pose unusual or significant risk to you.

#### **Item 9. Disciplinary Information**

- A. Breakwater has not been involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction.
- B. Breakwater has not had an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C. Breakwater has not been involved with a self-regulatory organization (SRO) proceeding.

Breakwater has not been involved in any disciplinary action.

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

Breakwater has no conflicting industry activities or affiliations. We do not refer clients to other advisors. We do not receive any compensation from other financial industry participants.

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

As fiduciaries, Breakwater has a duty to act solely in your best interest. You entrust us with your money, and we do not take that responsibility lightly. Adhering to this Code of Ethics means that we will:

- A. Our fiduciary duty complies to SEC rule 204A-1, and compels us to act with the utmost integrity in all of our dealings with you. This fiduciary duty is the core principle underlying our Code of Ethics. We do not buy or sell for your account the same securities that we buy and sell for ourselves. Our Code of Ethics also details our fiduciary duties and responsibilities and requires us to observe all applicable securities laws and rules. Breakwater will provide a copy of its Code of Ethics to any client or prospective client upon request.

**Item 12. Brokerage Practices**

We selected Fidelity Investments, TIAA-CREF, Vanguard, and TD Ameritrade to be primary custodians. This means that they hold your cash and securities and facilitate Breakwater's trading activities. We selected them as custodians because of their commitment to excellent service, their relatively low trading cost, and their dedication to operating efficiency. Our advisory management fee is kept low because of their operational efficiency, cutting-edge technology, and technical support.

We do not receive any compensation, services, or referrals for choosing any custodian to execute our trades. Further, we are not directly or indirectly compensated by our custodians. However, we must disclose that they make available to us the necessary software and technical support that allows us to conduct our back office operations with great efficiency. This support is available to all investment advisors affiliated with them. At times we may choose to aggregate the purchase or sale of securities for various client accounts. This is done when favorable pricing may be available for aggregated transactions.

**Item 13. Review of Accounts**

Your investment portfolio will be reviewed at least on a quarterly basis by Advisor and Chief Compliance Officer Ross Pollard, and adjusted for possible changes in your personal profile and economic and market conditions. Breakwater contacts its ongoing investment advisory clients at least annually to review its services and/or recommendations.

We also provide you with our own quarterly financial statements showing the values of your portfolio and individual holdings. Clients should review the statement you receive from Breakwater for accuracy with those you receive directly from the custodian.

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

We do not receive or pay referral fees or any other benefits from or to third parties.

**Item 15. Custody**

All of your investment assets are held at qualified custodians.

Our custody over your assets is limited only to our quarterly fee deduction. The following procedures are designed to help ensure that we do not inadvertently obtain further custody over your assets:

We will:

1. Obtain prior written authorization from you before deducting fees directly from your account.
2. Not serve as trustee over your account, unless you are an immediate family member.
3. Instruct the custodian to deliver your account statements directly to you either electronically or via mail.
4. Ensure that you receive or have access to custodial statements directly from the custodian, at least quarterly. We urge you to review our statement and compare it with those you receive directly from the custodians.

**Item 16. Investment Discretion**

Our Advisory Investment Agreement gives us a discretionary authority to manage your investment portfolio. You grant us this discretionary authority by giving us a limited power of attorney over your accounts. Our authority is limited to:

1. The securities to be purchased or sold;
2. The amount of securities to be purchased or sold; and
3. When transactions are made.

**Item 17. Voting Client Securities**

Breakwater does not vote proxies on your behalf. All proxy materials will be sent directly to you or to your designated representative, who is responsible for voting the proxy. Clients are certainly able to call Breakwater to discuss any proxies or votes.

**Item 18. Financial Information**

Breakwater neither requires nor solicits prepayment of more than \$500 in fees six months or more in advance of providing advisory services. Breakwater is required to disclose any financial condition that is likely to impair its contractual commitment to clients. Breakwater has no disclosures pursuant to this item.

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



**Item 19. Requirements for State-Registered Advisors**

Breakwater is highly disciplined, focused, experienced, and dedicated to the concept of personalized, responsive service. We have expertise in fundamental research and analysis. We also have access to recognized resource material on individual securities, mutual funds, ETFs, financial markets, and the economy.

**Brochure Supplement**  
**11/10/2019**

**ROSS M. POLLARD, CFP®**

Born in 1977

**EDUCATION:**

B.A. (Honors)	Western Michigan University	2001
CFP®	College for Financial Planning	2009

**BUSINESS AND EMPLOYMENT BACKGROUND**

American Express Financial Advisors	Advisor	2002-2006
Ameriprise Financial	Advisor	2006-2011
Integrated Financial Planning	Advisor	2011-2015
Breakwater Capital	Advisor	2015-Present

**DISCIPLINARY HISTORY**

Breakwater Capital or Ross Pollard has no history of disciplinary actions

**OTHER BUSINESS ACTIVITIES**

Ross Pollard engages in no other business activities outside of Breakwater Capital, LLC.

**OTHER COMPENSATION**

Ross Pollard receives no other compensation than that from Breakwater Capital, LLC.

**SUPERVISION**

Ross Pollard is the Chief Compliance Officer for Breakwater Capital, LLC

As Chief Compliance Officer of Breakwater Capital, Ross is not supervised by any other employee.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

**CONTACT INFORMATION:**

**251 N. Rose Street**

**Kalamazoo, MI 49007**

**(269) 903-2360**

**breakwatercapital@gmail.com**

**Professional Certifications**

Employees who have earned certifications and credentials are required to be explained in further detail.

**Certified Financial Planner (CFP):** Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board.
- Successful completion of the 10-hour CFP Certification Exam.
- Three years of qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.