

# Form ADV Part 3 / Client Relationship Summary

JUNE 2020

## ITEM 1. INTRODUCTION

Water Oak Advisors, LLC (“WOA”) is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. There are free and simple tools available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

## ITEM 2. RELATIONSHIPS AND SERVICES

*What investment services and advice can you provide me?*

WOA offers investment advisory services to retail investors. As part of our standard advisory services, we manage accounts on a discretionary and non-discretionary basis by providing a continuously monitored investment management program customized to each client’s stated risk level. The risk level is agreed upon at inception of the client relationship via the client agreement which is signed by the client(s) and WOA. We revisit the risk objective during periodic reviews which vary and occur upon the schedule set forth by the client. Clients can initiate a risk level change or impose reasonable agreed to restrictions and guidelines on their account at any time by contacting WOA.

Discretionary management of your account simply means we are authorized to buy and sell securities in your account without obtaining your approval. Non-discretionary management of your account means we will only buy or sell securities in your account after receiving your approval or instructions in writing, which means you have the ultimate decision on whether we buy or sell securities in your account. Clients sign an investment management agreement or non-managed letter giving us this authority, upon commencement of our relationship. This agreement will remain in place until you or WOA terminate or change the relationship in writing. WOA requires a household minimum of \$1,000,000, but we reserve the right to waive this minimum at our discretion, based on certain qualifying factors. Household simply means for connected clients that give WOA permission, we will group their assets to meet minimums, as well as break points for fees. One example would be family members with separate accounts, regardless if they reside at the same address.

We manage your accounts using models that invest primarily in Exchange Traded Funds (“ETFs”), mutual funds (including one managed by WOA), and other unaffiliated third party managers’ strategies, subject to WOA’s oversight.

**For additional information, please see our Form ADV Part 2A (items 4 and 7): <https://wateroak.com/wp-content/uploads/2020/03/WOA-FORM-ADV-2A-Final-03.25.2020.pdf>.**

*Questions to ask us:*

*“Given my financial situation, should I choose an investment advisory service? Why or why not?”*

*“How will you choose investments to recommend to me?”*

*“What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?”*

## ITEM 3. FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT

*What fees will I pay?*

For discretionary investment management, our fee is based on a percentage of assets under management as follows:

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%

Our fee is billed quarterly in arrears based on the average daily market value of investments in your account, which is determined by your custodian. We also group your accounts by household in order to receive the above break point discount on advisory fees. We generally deduct our fee directly from your custodial account, as authorized by you.

In addition to the above advisory fee, you will incur costs from transactions, custodians, mutual funds, and unaffiliated third party managers if implemented. We will disclose all costs prior to engagement in management services. All additional costs from unaffiliated third party managers will be disclosed via a separate addendum to your investment agreement.

The more assets there are in your account, the more you will pay in fees, and therefore we have an incentive to encourage you to increase the assets in your account. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For additional information, please see our Form ADV Part 2A (items 4, 5 and 6): <https://wateroak.com/wp-content/uploads/2020/03/WOA-FORM-ADV-2A-Final-03.25.2020.pdf>.

*Questions to ask us:*

*“Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?”*

*What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?*

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they affect the recommendations we provide you. Here are some examples to help you understand what this means:

- We are compensated based on assets under management. Increased assets will produce increased advisory fee revenue and therefore we have an incentive to encourage you to increase the assets in your account.
- Rolling over your 401(k) retirement account to an IRA means we are able to manage those assets; therefore, we have an incentive to make this recommendation to enable us to collect a fee.
- WOA serves as the investment manager to our own mutual fund, which we use as a percentage of some portfolios. The percentage used in each model portfolio is different based on the risk tolerance selected, tax considerations and overall structure desired. We do not charge an advisory fee for assets invested in our mutual fund as we receive a separate management fee for management of our fund.

For additional information, please see our Form ADV Part 2A (items 5, 10, 12 and 14): <https://wateroak.com/wp-content/uploads/2020/03/WOA-FORM-ADV-2A-Final-03.25.2020.pdf>.

*Questions to ask us:*

*“How might your conflicts of interest affect me, and how will you address them?”*

*How do your financial professionals make money?*

Our wealth advisors’ compensation is based on the combination of a flat salary and variable bonus calculated on the revenue generated by the fees we charge on client assets in which the wealth advisor provides investment and planning guidance.

#### ITEM 4. DISCIPLINARY HISTORY

*Do your financial professionals have legal or disciplinary history?*

Yes.

You may visit [investor.gov/CRS](http://investor.gov/CRS) for a free simple search tool to research us and our financial professionals.

*Questions to ask us:*

*“As a financial professional, do you have any disciplinary history? For what type of conduct?”*

#### ITEM 5. ADDITIONAL INFORMATION

For additional information about our services, please see our Form ADV Part 2A, on our website at: <https://wateroak.com>. To request up-to-date information and/or a copy of this disclosure, please call 844-928-3770.

*Questions to ask us:*

*“Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”*