

# Breakwater Investment Management, LLC

## Client Relationship Summary

January 3, 2024

### Item 1. Introduction

**Breakwater Investment Management, LLC** (“Breakwater,” “firm,” “we,” “us,” and “our”) is an investment advisor registered with the Securities and Exchange Commission (“SEC”). Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing.

### Item 2. Relationships and Services

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

We offer portfolio management, financial planning services, 401(k) plan consulting, and certain trustee services to our clients, as described below.

As part of our standard engagement for portfolio management services we will review your financial circumstances, and design, implement, and manage your investment portfolio on an ongoing basis. We will work with you to determine your investment objectives and investor risk profile. We will allocate your portfolio, taking into consideration the overall management style selected by you, your investment objectives, and suitability. We manage accounts on a discretionary basis. You will be required to authorize us to execute transactions within your investment portfolio *without* obtaining your consent prior to each transaction (i.e., “discretionary management”). You may impose restrictions on our ability to invest in certain securities or types of securities within your account. We will monitor your investments on an ongoing basis and review your account at least annually.

In addition to managing your investment portfolio, we may offer financial planning services and advice on various financial areas including, without limitation, college financial planning, retirement planning, and personal cash flow at no additional cost. Clients may receive a written plan that may include a personal balance sheet and financial projections. Any reports, financial statement projections, and analyses are intended exclusively for your use in developing and implementing your financial plan. You are ultimately responsible for the assumptions and personal data upon which our projections are based and for the monitoring and management of any assets held outside of your

investment accounts. You will make the ultimate investment decision with respect to such “held away” assets and you are responsible for implementation of the plan. Special arrangements may be made for clients wishing to retain financial planning services independent of our portfolio management services.

Breakwater may enter into agreements with 401(k) plan sponsors to recommend investment options available to participants in a plan, comprised of stand-alone mutual funds or exchange traded funds (“ETFs”); and we may recommend, as appropriate, replacements of investment options. This service is non-discretionary in nature – the client always makes the ultimate investment decision.

Breakwater as a limited liability company may serve in the capacity of corporate trustee. Typically, responsibilities include managing disbursements from the trust accounts consistent with the governing trust documents, investment management or selection of investment managers, and various reporting and filings for taxes and to the beneficiaries.

We primarily advise clients on investments in ETFs and mutual funds. Each of these products has their own internal fees you will pay. The underlying holdings of the funds we recommend typically consist of domestic and international stocks, bonds, and real estate. There are no account or fee minimums to open or maintain an advisory relationship with our firm. *More detailed information can be found in our Form ADV Part 2A at Items 4 and 7.*

#### Conversation Starters. Ask your financial professional—

- *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?

Breakwater charges annual fees for portfolio management services based on a percentage of the assets in your account. Fees are charged monthly in arrears. Our advisory fees do not include brokerage commissions, transaction fees, taxes, margin expense,

wire fees, fund interval fees, management fees, early redemption fees, and other similar charges and costs, which shall be separately borne by the client. The more assets there are in your account, the greater the fees paid. The firm may therefore have an incentive to encourage you to increase/maintain the assets in your account.

In general, financial planning services are offered to portfolio management clients without additional charge. For non-portfolio management clients, fees for planning services are based on an hourly rate of \$400.00 per hour or a flat fee of \$2,500.00 to \$20,000.00, based on the complexity of the engagement.

401(k) Plan services incur asset-based fees or flat fees, depending on the nature of the services to be provided. Trustee services are calculated and quoted on a per account or relationship basis. Pricing is impacted by reporting complexity, whether Breakwater is also managing the assets, and general attractiveness of the engagement.

**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.** *More detailed information can be found in Breakwater's form ADV, Part 2A (Items 5.A., B., C., and D.)*

***Conversation Starter.*** *Ask your financial professional— 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 advisor? How else does your firm make money and what conflicts of interest do you have?**

*When we act as your investment advisor, we must 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 can affect the investment advice we provide you. Here are some examples to help you understand what this means.*

**Example 1:** The value of your asset-based advisory fee account goes up, and while the annual percentage we charge may stay the same, the total compensation you pay us goes up proportionately.

**Example 2:** Your account value goes down, but you still must pay us an asset-based fee advisory fee proportional to your assets under management.

All of our revenue comes from management fees on accounts. We do not receive commissions or additional compensation of any kind from recommending specific products or revenue sharing or to clients or from referrals. *More detailed information can be found in Breakwater's Form ADV Part 2A.*

***Conversation Starter.*** *Ask your financial professional— How might your conflicts of interest affect me, and how will you address them?*

**How do your financial professionals make money?**

*Our financial professionals are paid based on the revenue the firm receives from clients for managing the accounts. We do not have contests or incentives to offer certain products over other products. We do not receive commissions.*

#### **Item 4. Disciplinary History**

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

No. We encourage you to visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

***Conversation Starter.*** *Ask your financial professional— As a financial professional, do you have any disciplinary history? For what type of conduct?*

#### **Item 5. Additional Information**

You can find additional information regarding our firm, including our Form ADV Part 2A by visiting [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and searching for our firm by its name or unique CRD number (150841). You can obtain a copy of this relationship summary by visiting our website at <https://www.breakwater.com/> or by contacting us by telephone at 206-621-8832. We are available to answer any of your questions.

***Conversation Starter.*** *Ask your financial professional— 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?*