

ITEM 1. COVER PAGE

# Blue Waters Advisory Group, LLC

## Disclosure Brochure

### Form ADV Parts 2A & 2B

1301 S. Capital of Texas Hwy, Suite B-125  
Austin, Texas 78746

(512) 533-9110

March 31, 2025

This brochure provides information about the qualifications and business practices of Blue Waters Advisory Group, LLC. If you have any questions about the contents of this brochure, please call us at (512) 533-9110.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Blue Waters Advisory Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The searchable IARD/CRD number for Blue Waters Advisory Group, LLC is **158536**.

Any references to Blue Waters Advisory Group, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

## ITEM 2. MATERIAL CHANGES

This Firm Brochure is our disclosure document prepared according to the SEC's requirements and rules applicable to registered investment advisers. As you will see, this document is a narrative providing detailed information regarding our firm, its practices, structure, fees, actual conflicts of interest and key mitigating circumstances, policies and controls.

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

This Brochure updates the previous version dated October 15, 2024. There have been no material changes since that filing.

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#### ITEM 4. ADVISORY BUSINESS

Blue Waters Advisory Group, LLC (hereinafter referred to as "Blue Waters") is an investment advisory firm offering a variety of advisory services customized to its clients' individual needs.

The principal business of Blue Waters consists of furnishing "investment supervisory services" and "Financial Planning Services" to clients. This activity includes the provision of continuous advice concerning investment of monies consistent with the circumstances, preferences, and objectives of each client. The investment management process includes an assessment of each client's objectives, needs, portfolio holdings, and economic environment. We attempt to structure each client's investment program in the context of these considerations.

Blue Waters may manage accounts on a fully discretionary basis without detailed knowledge of the circumstances, preferences, and objectives of the specific client. In these instances, Blue Waters formulates and implements an investment program that is considered prudent, appropriate, and suitable to the nature of the account and Blue Waters' understanding of the client's general characteristics.

- A. Blue Waters was founded in January 2012 by its sole managing member, Clay Carter. Mr. Carter graduated with a Bachelor of Arts from the University of Texas at Austin in 1999 and immediately began his career in the insurance and financial industry as an agent with New York Life. Mr. Carter subsequently expanded his practice by founding Carter Wealth Management in 2001 to offer fee-based asset management as well as financial and insurance products. Mr. Carter serves as an investment adviser representative of Blue Waters, LLC, an investment adviser registered with the Securities and Exchange Commission and an independent insurance agent.
- B. Blue Waters provides continuous investment supervisory services to clients regarding the investment of client funds based on the individual needs of the client. Through personal consultations with the client, we develop a mutual understanding and agreement regarding the client's financial objectives, ability to prudently tolerate risk, needs for liquidity, and relevant timeframes for significant events, all based on a client's particular circumstances. Working with the client we develop a personal investment strategy for the client and document it with a written investment policy which guides the creation and ongoing management of client's portfolio. During our consultations with clients, we seek to understand the client's individual objectives, time horizons, risk tolerances, and liquidity needs and to communicate clearly the financial implications and trade-offs implicit in any strategy. As appropriate, we also review and discuss a client's prior investment history, as well as relevant family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's investment policy. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Blue Waters structures client portfolios using mutual funds, equities, and fixed income investments (Bonds, CDs, and money market). Alternative (or private equity) investment Classes are also occasionally used when the recommendation is suitable for the client. Our

investment strategy is to provide diversification amongst asset class, manager investment style, market capitalization, and fund style or active/passive management.

We may also use other tactical items, such as Master Limited Partnerships. Asset-allocation strategies, based predominately on a focus to drive Consistency of returns and an Emphasis on Draw down Risk, are employed along with current asset class Overweighting. In addition, Blue Waters evaluates and manages for tax implications specific to the client.

Blue Waters may provide investment advice to participants in defined contribution retirement plans (i.e., 401(k) and 403(b) plans) whose employers (i.e., plan sponsors) have contracted with Blue Waters to provide such services, or in cases where Blue Waters has been appointed as an ERISA 3(38) investment fiduciary by a named ERISA 3(21) fiduciary.

- C. Blue Waters provides financial planning services to individuals, closely-held or private businesses and trusts.

To prepare a financial plan, Blue Waters Investment Adviser Representative (“IAR”) will meet with the client to gather information about the client’s financial situation and objectives. Based on these factors, Blue Waters will prepare a financial plan that is relevant to the client’s circumstances.

The financial plan provides general advice to help the client achieve his or her financial objectives. Depending on the client’s needs and goals, the plan may cover a variety of topics, including a net worth analysis, cash flow planning, life insurance, goal planning (for example, client education), investment planning, retirement and estate planning, educational needs analysis, and asset design planning.

A financial plan is based on a client’s situation at a certain point in time; Blue Waters conducts continuous or periodic reviews unless such services have been agreed upon in writing with the client.

Plans are based on a client’s particular financial situation at the time each plan is prepared, and the plans are based on financial information disclosed by clients to Blue Waters. Clients are advised that certain assumptions may be made with respect to interest and inflation rates, and Blue Waters may use past trends and the performance of the market and economy in connection with its analysis. Past performance is in no way an indication of future performance. Blue Waters cannot offer any guarantees or promises that a client’s financial goals and objectives will be met. Further, clients must continue to review the plan and update the plan based changes in financial situation, goals or objectives, or changes in the economy. Should a client’s financial situation or investment goals or objectives change, the client should notify Blue Waters promptly of the changes. Clients are advised that the advice offered by Blue Waters may be limited and in certain instances, may not be meant to be comprehensive. Therefore, clients may need to seek the services of other professionals such as an attorney and/or accountant.

Financial plans may contain general advice about the need for insurance, annuities or similar financial products. Clay Carter, is an Independent insurance agent. Acting in these capacities, Mr. Carter can assist a client with the implementation of recommendations contained in a plan by offering to sell insurance products and annuities. A client may

implement none; some or all of the recommendations contained in a financial plan, and may also choose to implement recommendations through Blue Waters, its affiliates or another financial institution. In the event that a client elects to implement investment strategies by using insurance, the client may purchase insurance through another agency or company other than through Mr. Carter.

Compensation to Mr. Carter for this purchase is in addition to any fee a client may pay to the Blue Waters IAR for financial planning services or fees the IAR may earn under the asset management programs described below. Clients should be aware that Blue Waters' IAR has a short-term economic incentive to recommend products or services that may result in additional compensation.

As noted above, Blue Waters tailors the advisory services it offers to a client's individual needs based upon the Blue Waters IAR's qualitative and quantitative analysis of facts regarding a client's particular financial circumstances.

D. We do not issue periodic publications relating to securities on a subscription basis, nor do we prepare for distribution special reports or analyses relating to securities.

E. Because some types of investment strategies involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment policy and ability to prudently tolerate risk.

As of December 31, 2024, Blue Waters actively manages \$79,987,618 of clients' assets on a discretionary basis and \$2,293,475 of clients' assets on a non-discretionary basis.

## ITEM 5. FEES AND COMPENSATION

### A. Investment Supervisory Services ("ISS") Individual Portfolio Management Fees

Blue Waters annual fees for Investment Supervisory Services are based upon a percentage of assets under management and are described below. Our minimum fee on an annual basis is \$1,000. Fees are directly debited by the custodian from the client account.

Blue Waters Investment Management Fees

Assets Under Management	Fee
\$1,000 to \$249,999	1.5-2.5%
\$250,000 to \$999,999	1.2%- 2%
\$1,000,000 to \$2,499,999	.7%-1.5%
\$2,500,000 Plus	.3%-.1.25%

#### Limited Negotiability of Advisory Fees:

Blue Waters retains the right to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are 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 is 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. We also reserve the right to work on a *pro bono* basis for not for profit organizations or in other circumstance, as we deem appropriate.

#### Minimum Household Size and Annual Fee Minimums and Maximums:

Generally, we recommend *account/aggregate* minimums of roughly \$50,000 for our Portfolios.

#### Billing Process:

Blue Waters bills client accounts for a given quarter on the first business day of that quarter by applying the fourth of the applicable annual fee to the closing market value on the just concluded quarter's last trading day. An account billed on the first business day of January, for example, applies one fourth of the appropriate household rate to the account's market value on the last trading day of December. Blue Waters has three billing cycles (A, B, and C), with Cycle A accounts billable on the first of January, April, July, and October, Cycle B accounts billable on the first of February, May, August, and November, and Cycle C accounts billable on the first of March, June, September, and December. LPL Financial, the custodian, will begin billing once the account is funded. This means that if the account funds anytime during the month billing will begin but the client will not be billed until the next cycle. Unless exceptions are made on an account by account basis all account begin billing once funded. LPL Financial is responsible for calculating the advisory fees and deducting the fees directly from clients' accounts.

If an account is fully removed from Blue Waters management during a billing quarter, the already billed quarterly fee is pro-rated on the same basis as specified in the preceding paragraph and the difference between the assessed fee and the pro-rated fee is refunded promptly to the client. Clients may close accounts at any time, upon written notification of Blue Waters without penalty.

### **B. Financial Planning Services**

Blue Waters will bill its clients a flat fee for its financial planning services. The minimum fee for these services is \$1,000 per year, and the maximum is \$15,000 per year. Generally, the amount of the flat fee will be higher considering a variety of factors including without limitation, the complexity of issues involved, the client's net worth, the client's specific planning needs, time spent with Blue Waters, number of meetings, amount of research, services requested and staff resources. At times, and depending upon individual circumstances, our fees may be negotiable.

Furthermore, in isolated cases, based upon unique circumstances and relationships, the fee may be waived in whole or in part, at our discretion.

Unless agreed upon in advance, Blue Waters likely will charge additional fees for any subsequent review of, or changes to, a client's financial plan.

Blue Waters may increase its fees from time to time in its sole discretion.

Blue Waters may provide clients with the option of an annual retainer. Fees for this type of advisory service are based on the client's complexities. The amount of a requested retainer will never exceed the fee for services to be provided within the first six months of an engagement.

Unless otherwise agreed-upon in writing the fixed fee for services will be due and payable from the client upon execution of this Agreement.

Blue Waters may receive payment from clients for its services in advance. A client may terminate advisory services obtained from Blue Waters, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Blue Waters. Thereafter, a client may terminate investment advisory services upon delivery of written notice to Blue Waters. In the event that a client pays fees to Blue Waters for financial planning services, and elects to terminate Blue Waters' services prior to the completion of the financial plan, Blue Waters will negotiate with the client regarding the terms of refunding all or a portion of the fee.

Blue Waters and its supervised persons, including Blue Waters IAR, Clay Carter, may receive direct and indirect forms of compensation related to the sales of securities or other investment products to clients. When a client purchases an insurance policy as a part of the financial plan developed by Blue Waters, if the insurance policy is purchased from Mr. Carter, the Blue Waters IAR receives additional compensation (including commissions, service fees, allowances for expenses, benefits, and other compensation programs) in his capacity as an insurance agent. Blue Waters' IAR may also receive incentive awards for the sale of insurance products from time to time. Clients have the option of purchasing recommended insurance products through other brokers or agents who are not affiliated with Blue Waters.

Clients have the option of purchasing securities through other brokers or agents who are not affiliated with Blue Waters.

1. The prospect of receiving additional compensation from the sale of other products or the attainment of certain goals presents a conflict of interest because it creates a financial incentive that could influence the recommendations that Blue Waters or its IAR gives to clients, regardless of the client's best interests. Mr. Carter could provide advice to clients with respect to the sale or purchase of insurance. Blue Waters addresses these and the other conflicts discussed in this brochure in a variety of ways, including the following:
  - (a) Blue Waters personnel are trained to put the interest of the clients first as part of the firm's fiduciary duties owed to the clients.



- (b) Blue Waters' Code of Ethics addresses the standard of conduct required of the IAR with respect to conflicts of interest of this nature. Please see Item 11 for additional information regarding Blue Waters' Code of Ethics.
  - (c) Blue Waters discloses conflicts in this Form ADV Disclosure Brochure and other disclosure documents so that clients can make informed decisions. While Blue Waters' IAR is trained to make recommendations that he believes are in the best interests of their clients, the ultimate decision belongs to the clients. Clients are therefore encouraged to ask questions, read all available disclosure materials, consider all their options and take other steps to make educated decisions.
2. Blue Waters advises its clients that investment products that Blue Waters recommends to clients may be purchased through other brokers or insurance agents that have no affiliation with Blue Waters.
  3. Blue Waters does not receive commissions and other compensation from the sale of investment products. Blue Waters only receives fixed-fee amounts for its Investment advisory services. Consequently, zero percent (0%) of Blue Water's revenue from its advisory clients results from commissions and other compensation for the sale of investment products it recommends to clients.
  4. Since Blue Waters does not receive commissions or markups, Blue Waters does not reduce advisory fees to offset commissions or markups.

Blue Waters Advisory Group, LLC. may charge fees for raising capital, investment structuring and due diligence of private investments.

Lastly, Mr. Carter receives a fee directly for his services to Centex Private Investment Management, a real estate investment partnership firm wholly owned by Mr. Carter. Please refer to Item 10, Other Financial Industry Activities and Affiliation of this brochure for additional information regarding his activities in Centex.

*Termination of the Advisory Relationship:* A client agreement may be canceled at any time, by either party, for any reason upon receipt 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.

**ITEM 6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**  
Blue Waters does not charge performance-based fees.

**ITEM 7. TYPES OF CLIENTS**  
Blue Waters' services are geared towards individuals, high net-worth individuals, pension and profit sharing plans, corporations and charitable organizations.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### METHODS OF ANALYSIS

Blue Waters uses a combination of technical and fundamental methods to assess risks and opportunities in the capital markets. Fundamental data help us identify companies, industries, and sectors with compelling financial characteristics.

*Fundamental Analysis:* We attempt to measure the intrinsic value of an investment by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the investment is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

*Technical Analysis:* We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Throughout our investment process, we review numerous sources of information:

- financial newspapers and magazines;
- research materials prepared by others;
- corporate rating services;
- annual reports, prospectuses,
- and filings with the SEC;
- and company press releases.
- Morningstar, Ibbotson, LPL, Advisor world related Charts
- Charting for Technical trends

Blue Waters conducts an ongoing review of macro conditions, including (but not limited to) the following areas:

- Economic – interest rates, employment, taxation changes, economic growth.
- Political – how government policy impacts the economy and markets.
- Legal – the legal environment in which the markets operate.

Blue Waters seeks to invest in securities with a 12 to 18 month time horizon, both to realize preferable tax rates on long term capital gains and to manage trading expenses. We sell securities that meet our appreciation objectives or experience unfavorable fundamental or technical developments in shorter time spans. Our principal focus is to invest our clients' funds to achieve

long term capital appreciation. From time to time, and where suitable to client circumstances and preferences, we may use short sales, margin transactions, covered option writing, or option purchases.

*Mutual fund and/or ETF analysis:* We look at the experience and track record of the manager of the mutual fund or ETF 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 also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term Purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.
- A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Short-term Purchases.*** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

***Trading.*** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

***Risk of Loss.*** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

For our Financial Planning only clients, BlueWaters only uses investment analysis with respect to asset allocation to our Clients. Nevertheless, Blue Waters does not have any trading authority over client accounts and consequently, to purchase securities recommended by Blue Waters, the client will need to execute its own trades through its own trading account based on Blue Waters' advice with respect to the particular security. Clients exercise trading authority over their securities trading accounts and may select any broker-dealer in their sole discretion.

- A. Clients are advised that investing in securities involves the risk of loss, including the potential for an entire loss of principal. Therefore, because of the investment risks associated with the securities that a client may hold in its portfolio (including securities recommended to the client by Blue Waters), a client should be prepared not only to bear fluctuating performance of the securities that a client holds, but also the risk of loss of all or substantially all of the principal invested in securities.

Blue Waters does not represent, warranty or imply that the services or methods of analysis used by Blue Waters can or will predict future results, successfully identify market tops or bottoms, or insulate its clients from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that a client's goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Blue Waters will provide a better return than other investment strategies.

- B. Particular investment risks associated with the securities recommended by Blue Waters are described above in Item 8.B.

#### ITEM 9. DISCIPLINARY INFORMATION

There is no reportable disciplinary information required for Blue Waters or its management persons.

#### ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Blue Waters is not and does not have a related person who is a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

As noted above in Items 5.E and 10.A, Clay Carter is an insurance agent. A Blue Waters client may implement Blue Waters' investment advice with respect to insurance or securities through any insurance agent or provider or securities broker-dealer, in which case Mr. Carter would not receive any compensation with respect to such insurance or sales of securities. Blue Waters takes specific actions to guard against impermissible conflicts between its interests and those of its clients. Please see Item 5.E and Item 11 for additional disclosure regarding Blue Waters' policies and procedures regarding conflicts of interest.

Blue Waters does not recommend or select other investment advisers for its clients.

*Other Affiliations:* Mr. Carter receives investment income from an investment business, owned by his wife, which is not directly affiliated with Blue Waters, Cuatro Asset Holding Company LLC. Cuatro Asset Holding Company LLC invests in rental income properties and other passive real estate investment ventures. Centex Private Investment Management LLC is not an owner of real estate and not affiliated with Cuatro Asset Holding Company LLC. Centex Private Investment Management LLC performs the function of putting together real estate partnerships, due diligence of real estate projects, and analysis of private partnership deal structures for a fee. That fee is not paid by Blue Waters clients or investors, but by the partnerships itself. Some Blue Waters clients may also be investors in these limited partnerships however Blue Waters does not actively recommend investment in or solicit its clients to become investors in Centex Private Investment Management partnerships, and no client is obligated to invest in these Partnerships. Mr. Carter is not an officer or owner of Cuatro Asset Holding Company LLC. However, Centex Private Investment Management is wholly owned by Mr. Carter.

#### ITEM 11. CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Blue Waters has a fiduciary duty to its clients to act in their best interests, and to place the interests of clients before those of Blue Waters. Blue Waters has adopted a compliance program for its staff to ensure compliance with all applicable laws and regulations. Blue Waters' compliance program includes its adoption of a Code of Ethics. The Code of Ethics sets forth the standards of business

conduct for Blue Waters personnel, and serves as an ethical blueprint for ensuring that all Blue Waters clients are treated fairly and in a manner consistent with Blue Waters fiduciary duties. The Code emphasizes the core values of the Blue Waters organization, Blue Waters' commitment to compliance with securities laws, and protection of material nonpublic information. The Code also sets forth commitments to which all Blue Waters IAR is expected to adhere. The Code of Ethics is one of the tools Blue Waters uses to mitigate some of the conflicts of interest set forth herein. Blue Waters will provide a Code of Ethics to all clients and prospective clients upon written request to:

Blue Waters Advisory Group, LLC  
Attention: Chief Compliance Officer  
1301 S. Capital of Texas Hwy, Suite B-125  
Austin, Texas 78746

As noted elsewhere in this brochure (see Items 5 and 10 in particular), Mr. Clay Carter is an investment adviser representative with Blue Waters. In this role, Mr. Carter could recommend to clients, or buy or sell for client accounts, securities in which Mr. Carter, or Blue Waters has a financial interest. These arrangements create conflicts of interest.

Blue Waters takes specific actions to guard against impermissible conflicts between its interests and those of its clients. Please see Item 5.E for additional disclosure regarding Blue Waters' policies and procedures regarding conflicts of interest, and Item 11.A for additional disclosure regarding Blue Waters' Code of Ethics.

Except for publicly traded securities where Blue Waters or one of its related person's ownership is less than 0.01% of the company's outstanding securities, neither Blue Waters nor any of its related persons invests in the same securities (or related securities, e.g., warrants, options or futures) that either Blue Waters or any of its related persons recommends to clients. As part of Blue Waters' compliance program, all Blue Waters personnel are required to provide copies of personal securities account trading statements on a monthly basis. Blue Waters' Chief Compliance Officer reviews these statements regularly to determine whether any trading in such securities has occurred. In the event that any trading activities in the recommended securities has occurred, Blue Waters will take remedial steps to resolve any conflict, such as requiring divestment of the securities from the trading account of the Blue Waters-related person. Violations of Blue Waters policies and procedures by a Blue Waters-related person, including violations of Blue Waters' Code of Ethics, can result in fines or disciplinary actions, including termination of employment.

The financial planning client is free to decide whether to carry out any of the plan recommendations and is free to implement some, all or none of Blue Waters' recommendations through any other duly licensed person or financial service institution selected by the client.

Neither Blue Waters nor any of its related persons recommends securities to its clients, or buys or sells securities for client accounts, at or about the same time that either Blue Waters or one of its related persons buys or sells the same securities for Blue Waters' or one of its related person's own account. Blue Waters has adopted policies and procedures designed to ensure that such trading activities do not occur, and if they do, what remedial actions should be taken to resolve the conflict. Specifically, Blue Waters personnel are required to provide Blue Waters' Chief Compliance Officer with copies of personal trading account statements and the Chief Compliance Officer will review these statements regularly to determine whether any such trading activities have occurred.

## ITEM 12. BROKERAGE PRACTICES

Blue Waters does not have any formal or informal soft-dollar arrangements and does not receive any soft-dollar benefits.

Blue Waters does not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. Clients must direct the Blue Waters as to the broker dealer to be used for all client securities transactions. In directing the use of a particular broker or dealer, it should be understood that the firm will not have authority to negotiate commissions among various brokers, and best execution may not be achieved, resulting in higher transaction costs for clients. *Not all advisers require their clients to direct brokerage.*

Blue Waters participates in the LPL Financial (SWM II) services program (the “Program”) offered to independent investment advisers by LPL Financial LLC (“LPL”), an unaffiliated FINRA-registered broker dealer. Clients in need of brokerage and custodial services will have LPL recommended to them. As part of the Program, Blue Waters receive benefits that it would not receive if it did not offer investment. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving the Program’s participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. LPL also offers other services intended to help us manage and further develop business enterprises. These services include educational conferences and events, technology, compliance, legal and business consulting, publications and conferences on practice management and business succession. The benefits received through participation in the Program may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, LPL.

Participation in the Program results in a conflict of interest for Blue Waters, as the receipt of the above benefits creates an incentive for us to recommend LPL to clients. Nonetheless, Blue Waters have reviewed the services of LPL and recommends the services based on a number of factors. These factors include the professional services offered, commission rates, and the custodial platform provided to clients. While, based on Blue Waters’ business model, Blue Waters do not seek to exercise discretion to negotiate trades among various brokers on behalf of clients.

## ITEM 13. REVIEW OF ACCOUNTS

### A. Investment Supervisory Services (“ISS”) Individual Portfolio Management

The advisory relationship is initiated with a series of consultation meetings between Blue Waters and the client wherein they discuss the client’s overall financial situation. Topics include a specific client’s investment objectives, risk tolerance, planning horizon, asset-class preferences, and investment strategies. Blue Waters then tailors an investment policy and portfolio for the Client, relying on client-supplied data. Once these initial sessions are completed, Blue Waters presents in

writing the investment plan designed specifically for the client's managed portfolio. Clients are provided assistance in obtaining and completing the required paperwork to establish the necessary investment accounts. Blue Waters will rely on the client to convey promptly any important changes in the client's financial situation.

Blue Waters communicates on a regular basis with the client as needed to manage the investment portfolio. Typically, these interactions occur quarterly or every 6 months, but may be more frequent depending on the circumstances.

## **B. Financial Planning Services**

After Blue Waters provides the initial financial plan to a client, the plan will be reviewed on an as needed basis or as often as the client desires, and otherwise in accordance with the written advisory agreement between Blue Waters and the client.

Clients may request a review of their financial plan at any time. Unless otherwise agreed upon with the client in advance, Blue Waters will not undertake reviews of client accounts. Clients are advised that they must notify Blue Waters promptly of any changes to their financial goals, objectives or financial situation as such changes may require Blue Waters to make recommendations for changes to the plan. As noted above in Item 5.A, unless otherwise agreed upon in advance, Blue Waters likely will charge additional fees for subsequent reviews of a client's financial plan.

Blue Waters will provide regular written reports to clients regarding their financial plans upon request and as agreed upon with the client in writing. Blue Waters will charge additional fees for such services unless otherwise agreed upon in writing with the client. The content of these reports will be determined by agreement between Blue Waters and the client. In any event, client reports will include an analysis of how a client's current financial circumstances apply to the plan initially prepared for the client by Blue Waters, and as subsequently may have been amended from time to time following the effective date of the initial plan.

## **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

It is Blue Waters policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is also Blue Waters 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.

Blue Waters performs certain services for properties that Cuatro invests in (not for Cuatro itself) Cuatro Asset Holding Company LLC and can receive a fee for those services which include property due diligence, financial modeling, raising capital, capital allocation structuring and other related services. Please refer to Item 10 of this brochure "Other Financial Industry Activities and Affiliations" for additional information. Clients of Blue Waters may invest in partnerships with Cuatro Holding Company LLC but those assets are not managed by Blue Waters.



#### ITEM 15. CUSTODY

Blue Waters does not take custody of client funds or securities. Blue Waters does not calculate nor verify the advisory fee debited from your 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.

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.

#### ITEM 16. INVESTMENT DISCRETION

Blue Waters can have trading authority to manage securities accounts on behalf of clients, if the clients request that service. Discretionary authority can be granted by the client in the Investment Advisory Agreement.

#### ITEM 17. VOTING CLIENT SECURITIES

Blue Waters will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian.

#### ITEM 18. FINANCIAL INFORMATION

Blue Waters may require a client to prepay more than \$500, and six or more months in advance of receiving advisory services. Consequently, Blue Waters balance sheet for its most recent fiscal year is appended to this Form ADV Part 2 as Appendix A. A copy of Blue Waters' balance sheet will be delivered to clients with this Form ADV Part 2.

Blue Waters is required to disclose that there is no financial condition that reasonably would be likely to impair Blue Waters' ability to meet its contractual commitments to clients.

Neither Blue Waters nor Clay Carter, its investment adviser representative, has been the subject of a bankruptcy petition.

#### ITEM 19. REQUIREMENTS FOR STATE REGISTERED ADVISERS

Blue Waters' sole principal executive officer and management person is Clay Carter. See Item 4.A for additional description regarding Mr. Carter's educational and professional background.

Blue Waters is not engaged actively in any business other than providing investment advice; provided however, that Mr. Clay Carter is a registered insurance agent and an investment adviser representative for Blue Waters, a registered investment adviser. Mr. Carter devotes approximately 50 hours per week to rendering services in these capacities. Mr. Carter receives a fee directly for his services to Centex Private Investment Management, a real estate investment partnership firm wholly owned by Mr. Carter. Please refer to Item 10, Other Financial Industry Activities and Affiliation of

this brochure for additional information regarding his activities in Centex. Neither Blue Waters nor Mr. Clay Carter, its IAR, is compensated for advisory services with performance-based fees.

Neither Blue Waters nor its management person has been involved in any of the events listed in Item 19.D of the General Instructions for Part 2 of Form ADV.

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

**Supervised Person: CLAY CARTER, CRD #3189507**

ITEM 1. COVER PAGE

BLUE WATERS ADVISORY GROUP, LLC, CRD #158536

Supervised Person: Clay Carter, CRD #3189507

Business Address: 1301 S. Capital of Texas Hwy, Suite B-125, Austin, Texas 78746

Telephone Number: (512) 533-9110

Supplement Date: March 31, 2025

**This brochure supplement provides information about Mr. Clay Carter that supplements the Blue Waters Advisory Group, LLC brochure. You should have received a copy of that brochure. Please contact Mr. Clay Carter, Blue Waters' IAR, if you did not receive Blue Waters' brochure or if you have any questions about the contents of this supplement.**

**Additional information about Blue Waters Advisory Group, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

ITEM 2. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Year of Birth: 1975

Education:

Mr. Clay Carter graduated with a Bachelor of Arts from the University of Texas at Austin in 1999.

Business Experience:

New York Life, Agent 1999 – 2002

Carter Wealth Management, Founder/Owner 1999 – 2013

Blue Waters Advisory Group, Owner 2010 - Present

### ITEM 3. DISCIPLINARY INFORMATION

There is no legal or disciplinary events material to a client's or prospective client's evaluation of Clay Carter as a Blue Waters supervised person.

### ITEM 4. OTHER BUSINESS ACTIVITIES

Clay Carter serves in as an investment adviser representative of Blue Waters Advisory Group, LLC, an investment adviser registered with the Securities and Exchange Commission and an independent insurance agent.

- a. Mr. Carter's status as an insurance agent creates a conflict of interest between Blue Waters and Mr. Carter on the one hand and a Blue Waters client on the other. For information regarding the nature of this conflict and how Blue Waters would address it, please see Item 5.E of Blue Waters' Disclosure Brochure, Form ADV Part 2A.
- b. Other than the business or occupations for compensation discussed in response to Item 4.A, above, Mr. Carter does not receive fee income directly from a business, Cuatro Asset Holding Company LLC owned by his wife which is not directly affiliated with Blue Waters. Centex Private Investment Management LLC ("Centex") invests in rental income properties and other real estate ventures and is wholly owned by Mr. Carter. Specifically, the business organizes investment partnerships to buy real estate or other private investments. Please refer to Item 10 of ADV Part 2A for additional disclosure regarding Mr. Carter's involvement with Centex.

### ITEM 5. ADDITIONAL COMPENSATION

No person other than a Blue Waters client will provide an economic benefit to Mr. Carter as a supervised person of Blue Waters. Blue Waters Advisory Group, LLC can however charge fees for raising capital, investment structuring and due diligence of private investments.

### ITEM 6. SUPERVISION

Clay Carter is the sole Managing Member and chief executive officer of Blue Waters, possessing all management authority and control over the business affairs of Blue Waters. Blue Waters has adopted policies and procedures designed to ensure Blue Waters' compliance with all laws applicable to its advisory business. Mr. Carter's investment advice is reviewed and evaluated continuously and regularly by Blue Waters' Managing Member Clay Carter as the person responsible for supervising Mr. Carter's advisory activities on behalf of Blue Waters. Mr. Carter's telephone number is (512) 533-9110.

### ITEM 7. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

- a. Blue Waters' supervised person Clay Carter has not been involved in any of the events listed in Item 7 of the General Instructions to this Brochure Supplement.
- b. Mr. Carter has not been the subject of a bankruptcy petition.

APPENDIX A

Blue Waters Advisory Group, LLC

Financial Balance Sheet

[To be provided to clients simultaneously with the delivery of this Form ADV Parts 2A & 2B  
Disclosure Brochure]