

## Cover Page (Item 1)

### **OIA Ltd.**

Sebastian's On The Beach, Little Apple Bay, Tortola, VG1130

Phone: 1 284 542 0715.

[www.oialtd.com](http://www.oialtd.com)

This brochure is dated January 1, 2015.

**This brochure provides information on the qualifications and business practices of OIA Ltd.. If you have any questions about the contents of this brochure, please contact us at 284 542 0715 or [james@offshoreinvestmentadvisor.com](mailto:james@offshoreinvestmentadvisor.com). The information in this brochure has not been approved or verified by the United States SEC or by any state securities authority.**

Additional information about **OIA Ltd.** is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**The searchable IARD/CRD number for OIA Ltd. is 136174.**

Any reference to "Registered Investment Advisor", "RIA" or being "registered" does not confer nor imply any special qualities or special level of training. It simply means that OIA, Ltd. is registered with the SEC.

## Material Changes (Item 2)

Business Name Change:

FROM: James Bridgewater DBA Offshore Investment Advisor

TO: OIA, LTD.

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## Advisory Business (Item 4)

### 4A – Principal Owners

We are an investment advisor and wealth manager based in Tortola, British Virgin Islands. We have been managing discretionary investment portfolios since 2005. The two principals of the firm are James L Bridgewater Chief Compliance Officer & Adam W Stauffer MBA, CFA, Chief Investment Officer.

### 4B – Types of Advisory Services

OIA, Ltd. specializes in managing segregated portfolios for private clients, corporations and trusts. We start with a comprehensive fact find that enables us to clearly understand our client's needs. We then gauge our client's tolerance to risk and finally invest their money accordingly. Our investment portfolios are tax optimized for US Taxable, US Non Taxable (IRA or 401K) and Non US (Non-Resident Aliens).

Furthermore, OIA, Ltd. is responsible for coordinating updates to the Investment Policy, monitoring application of the Investment Policy Statement and promptly notifying clients of the need for updates to the Policy and/or violations of the Policy in implementation.

OIA, Ltd. acts as a fiduciary in its capacity as adviser to client accounts and acknowledges that all advice and decisions rendered must reflect first and foremost the best interests of its clients. OIA, Ltd. also affirms its compliance as a firm with the CFA Institute Asset Manager Code of Professional Conduct.

### 4C – Individual Needs of Clients

Our investment portfolios are primarily comprised of exchange traded funds; ETF's can be traded on any recognized investment exchange worldwide. We have created 4 Tax buckets each bucket is comprised of a universe of securities that fit the legal tax domicile of the account owner. Our primary focus is to construct tax efficient investment portfolio's which can be characterized as either income or growth.

Our separate portfolios are tailored to each individual's unique risk characteristics and investment constraints. Since each client has his/her own unique separately managed account, when applicable, they may impose certain restrictions on specific securities or types of securities.

### 4D – Wrap Fee Programs

At present **OIA Ltd.** operates as a fee paid advisor, and is compensated as a percentage of Assets Under Management daily in arrears. We do not receive any commissions of any kind from brokers, custodians, or investment funds, nor are we supplied with third party research credits.

### 4E – Assets Under Management

Currently, **OIA Ltd.** manages \$3,750,000 on a purely discretionary basis, we do not have any non-discretionary account.

## Fees and Compensation (Item 5)

### 5A – Fee Schedules

**OIA Ltd.** charges advisor fees using the following methodologies and schedule:

1. the custodian-calculated advisor fee will be automatically billed to the client's account with blanket client authorization using the following calculation: Percentage of Net Liquidation Value entered as an annualized percentage, applied on a daily basis (252 business days are applied in this calculation method).

Fees are not negotiable.

Assets Under Management	Annual Fee %
First \$500k	2.00%
\$500k-1m	1.50%
Over \$1m	1.00%

### 5B – Deduction of Fees

Our fees are deducted directly from the clients account. The advisor fee is calculated on the value of assets in the account on a daily basis.

### 5C – Other Fees and Expenses

**OIA Ltd.** is not a broker/dealer. All our clients' accounts are held with independent custodians, custodians may charge a commission each time a trade is made on behalf of the client, a commission along with an SEC fee is charged on any sale of a security in the clients account. Custodians will also charge margin interest should there be a debit balance in the account.

### 5D – Prepaid Fees

Our advisory fees are charged daily in arrears.

### 5E – Sale of Securities

**OIA Ltd.** does not receive any compensation or incentive from any third party provider of services.

#### 5E1

Given the above there are no conflicts of interest or incentives to recommend investment products based on the compensation received, rather than based solely on the client's needs.

## Performance-Based Fees and Side-by-Side Management (Item 6)

Currently, **OIA Ltd.** does not charge performance-based fees on any accounts.

## Types of Clients (Item 7)

We offer Wealth & Portfolio Management services to individuals, trusts, retirement trusts and corporations. In general, we require a minimum of \$25,000 to open and maintain an investment portfolio.

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

## 8A – General Description

OIA, Ltd. uses a disciplined 6-step approach to portfolio construction and analysis:

1. Analyze 3-5 Year Investment Outlook
2. Identify Model Parameters & Risk Bands
3. Identify Investment Universe
4. Determine Strategic Allocations based Investment Outlook as well as Mean-Variance Optimization
5. Select Investments based on Dynamic Allocations & Tax Allocations
6. Monitor, Rebalance & Evolve

Our investment management strategies hinge on 2 core underlying strategies:

1. Strategic Asset Allocation – Strategic Asset Allocations are based on our Investment Outlook as well as Modern Portfolio Theory. “Modern portfolio theory (MPT) is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. Although MPT is widely used in practice in the financial industry and several of its creators won a Nobel memorial prize[1] for the theory, in recent years the basic assumptions of MPT have been widely challenged by fields such as behavioral economics.” (source: [http://en.wikipedia.org/wiki/Modern\\_portfolio\\_theory](http://en.wikipedia.org/wiki/Modern_portfolio_theory))
2. Dynamic Asset Allocation - Dynamic allocations are based on simple, purely mechanical logic, where the same model and parameters apply for every asset class. At the most basic level, we determine tactical allocations based on the current price level relative to the N-period monthly simple moving average (SMA).

Investment decisions made for our clients are subject to various market, currency, economic, political and business risks, and investment decisions are not always profitable. OIA, Ltd. manages only the securities, cash and other investments held in our client’s accounts. In making investment decisions for the account OIA, Ltd. will consider only the investments owned by you which you have disclosed to OIA, Ltd..

## 8B – Material Risks for Investment Strategies

Risks associated with our strategic asset allocation methodology primarily include but are not limited to:

- Incorrect analysis of the 3-5 year outlook
- Mean-variance optimization, based on the Modern Portfolio Theory framework, relies on certain assumptions that may not always be correct or accurately portray the real world, or that may change over time. “The framework of MPT makes many assumptions about investors and markets. Some are explicit in the equations, such as the use of Normal distributions to model returns. Others are implicit, such as the neglect of taxes and transaction fees. None of these assumptions are entirely true, and each of them compromises MPT to some degree.” (source: [http://en.wikipedia.org/wiki/Modern\\_portfolio\\_theory#Criticism](http://en.wikipedia.org/wiki/Modern_portfolio_theory#Criticism))

Risks associated with our dynamic asset allocation methodology primarily include but are not limited to:

- Underperforming buy-and-hold in a strong bull market,
- Requires resolve, discipline and commitment to adhere to the rules,
- Slightly increased trade activity relative to buy and hold, but limited to monthly trades as opposed to daily or intra-day. For any given security we do not expect to trade it more twice within any 12 month period.

## 8C – Material Risks for Types of Securities

Our clients' portfolios are primarily composed of Exchange Traded Funds (ETFs). "An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds, and trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as the S&P 500 or MSCI EAFE. ETFs may be attractive as investments because of their low costs, tax efficiency, and stock-like features. (source: [http://en.wikipedia.org/wiki/Exchange-traded\\_fund](http://en.wikipedia.org/wiki/Exchange-traded_fund))

ETPs/ETFs are subject to market volatility and the risks of their underlying securities which may include the risks associated with investing in smaller companies, foreign securities, commodities and fixed income investments. Material risks associated with ETFs primarily include but are not limited to:

- **Tracking Error:** The return of an index-based ETP is usually different from that of the index it tracks. The difference may be small or large and may result from the cost of managing and operating the ETP, the timing of the ETP's trades and the ETP holding a smaller basket of securities than the complete set of securities held by the index or holding securities in a different proportion than the index.
- **Spread risk and discount/ premium to NAV:** An ETP may sometimes trade at a premium or discount to its Net Asset Value (NAV). The premium or discount to NAV can lead to differences between the bid and ask of the ETP, referred to as the "spread". The ETP's premium or discount to NAV and its bid/ask spread may be the result of such things as supply and demand in the market, the lack of liquidity of some of the ETP's underlying securities, or the bid-ask spreads of the ETP's underlying securities. For ETNs, the discount/premium is relative to their Indicative Value.
- **Exchange Traded Notes (ETNs):** ETNs are unsecured debt of the issuer. Unlike ETFs, ETNs are subject to the credit risk of the issuer. ETNs may trade at a price significantly different from their indicative value. ETNs can become illiquid; you should be willing and able to hold your notes until maturity. Some ETNs are callable or redeemable by the issuer before their stated maturity date. The tax treatment of ETNs is uncertain and may vary from what is described in the prospectus.
- **Leveraged and Inverse ETFs and ETNs:** These products are for sophisticated investors. They are not designed for buy-and-hold investors who seek to track an index over a long period of time. An inverse ETF or ETN attempts to mimic the opposite of its stated benchmark. A leveraged ETF or ETN seeks to generate a return that is a multiple (usually 2X or 3X) of its benchmark index's performance over a specific, pre-set time period indicated in the fund's prospectus. That time period is generally only one day. As a result, the returns for these types of ETFs and ETNs can differ significantly from that of their benchmark index, especially over periods lasting longer than one day because of the daily compounding of returns. Generally, the longer the time period, the bigger the difference. Although potential returns are increased by leveraging, so are the potential losses.

(adapted from:

[http://personal.fidelity.com/research/etf/ETF\\_evaluator\\_terms\\_of\\_use.shtml#kir](http://personal.fidelity.com/research/etf/ETF_evaluator_terms_of_use.shtml#kir))

## Disciplinary Events (Item 9)



**OIA Ltd.** has been registered and been providing investment advisory services since 2005; and neither the firm nor any associated persons have any reportable disciplinary information.

**9A1 –  
Criminal or  
Civil Action**

Neither the firm nor any associated persons have been convicted guilty of any criminal or civil action.

**9B1 – SEC  
Proceedings**

Neither the firm nor any associated persons have any administrative proceedings before the SEC.

**9C1 –SRO  
Proceedings**

Neither the firm nor any associated persons have any self-regulatory organization proceedings.

**Other Financial Industry Activities and Affiliations (Item 10)**

### **10A – BD or Registered Rep**

OIA, Ltd. is not, nor are any associated persons, registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### **10B – Futures or Commodities**

OIA, Ltd. is not, nor are any associated persons, registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### **10C - Material Relationships**

OIA, Ltd. does not have any relationship or arrangement that is material to our advisory business or to our clients that you or any of your management persons have with any individual or firm listed below:

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle
- other investment adviser or financial planner
- futures commission merchant, commodity pool operator, or commodity trading advisor
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships

### **10D - Referral Arrangements**

OIA, Ltd. does not recommend or select other investment advisers for our clients or receive compensation directly or indirectly from any advisers that creates a material conflict of interest. Nor do we have any other business relationships with 3<sup>rd</sup> party advisers that create a material conflict of interest.

## **Code of Ethics, Participation in Client Transactions and Personal Trading (Item 11)**

Pursuant to SEC rule 204A-1, which requires registered advisors to adopt a codes of ethics, OIA, Ltd. has adopted the CFA Institutes' Standards of Professional Conduct. Furthermore, as a CFA Charterholder, Adam Stauffer, must adhere to the CFA Institutes' Code of Ethics. For more information on what the CFA designation means, please see Adam Stauffer's Brochure Supplement.

Upon request, OIA, Ltd. will fully disclose to clients the firm's policies regarding personal investing. Please contact us or visit our website for a copy of the CFA Institutes' "Code of Ethics and Standards Professional Conduct" that OIA, Ltd. has adopted or for any other information on our Code of Ethics and/or Policies.

The CFA Institutes' Standards of Professional Conduct sets strict guidelines covering the following:

- Professionalism
- Integrity of the capital markets
- Duties to clients
- Duties to employers
- Investment analysis and recommendations
- Conflicts of interest

OIA, Ltd. adheres to the CFA Institutes' Standard of Practice Handbook as it relates to conflicts of interest (Standard VI). Generally speaking Standard VI attempts to ensure that (1) the client is not disadvantaged by employee trading in securities held by clients, (2) employees do not benefit personally from trades undertaken for clients, and (3) employees comply with applicable regulatory requirements.

Furthermore, Standard VI(B) states that transactions for clients and the firm must have priority over transactions in securities or other investments of which any individual or group of employees is a beneficial owner. The objective of the standard is to prevent personal transactions from adversely affecting the interests of clients or employers. Personal investment positions of OIA, Ltd. employees should never adversely affect client investments.

OIA, Ltd. and related persons may undertake transactions in accounts for which they are a beneficial owner only after clients have had adequate opportunity to act on a recommendation. Personal transactions include those made for the related persons own account, for family (including spouse, children, and other immediate family members) accounts, and for accounts in which the member or candidate has a direct or indirect pecuniary interest, such as a trust or retirement account. Family accounts that are client accounts should be treated like any other firm account and should neither be given special treatment nor be disadvantaged because of the family relationship. If a member or candidate has a beneficial ownership in the account, however, the member or candidate may be subject to preclearance or reporting requirements of the employer or applicable law.

OIA, Ltd. has the following reporting procedures for all employees as relates to conflicts of interest and employee's personal trading in securities held in client accounts:

- Disclosure of personal holdings/beneficial ownerships – All employees are required to disclose holdings in which the employee has a beneficial interest. Disclosure by employees is made upon commencement of the employment relationship and at least annually thereafter.
- Confirmations of trades to the firm and the employee – Employees are required to supply either the Chief Compliance Officer or the Chief Investment Officer with copies or confirmations of all personal securities transactions and copies of periodic statements for all securities accounts. The purpose of this duplicate confirmation requirement is to: (1) provide independent verification, which reduces the likelihood of unethical behavior, and (2) enables verification of the accounting of the flow of personal investments that cannot be determined from merely looking at holdings.
- Preclearance procedures – Employees are required to receive preclearance from either the Chief Compliance Officer or the Chief Investment Officer before placing personal trades. The CCO and/or CIO will then identify possible conflicts prior to the execution of the trades and identify possible conflicts before a problem arises.

The above content was copied and/or adapted from the CFA Institutes' Standard of Practice Handbook. For more information contact OIA, Ltd. or visit the CFA Institutes website.

## Brokerage Practices (Item 12)

**OIA Ltd.** recommends Interactive Brokers and TD Ameritrade Institutional as the primary Broker/Dealers for our client's assets. We chose Interactive Brokers and TD Ameritrade Institutional for a number of reasons including, low commission costs, quality of customer service and client reporting.

**OIA Ltd.** does not receive any soft dollar benefits.

## **12A1 - Research and Other Soft Dollar Benefits**

## **12A2 - Brokerage for Client Referrals**

OIA, Ltd. does not consider, in selecting or recommending broker-dealers, whether the firm or any related persons receives client referrals from the broker-dealer or third party.

OIA, Ltd.'s policy is to choose the broker/dealer that best suits the client's needs.

### **12A2a**

OIA, Ltd. does not have an incentive to select or recommend a broker-dealer based on an interest in receiving client referrals. Rather our only interest is in receiving the most favorable executions for our clients.

## **12A3a - Directed Brokerage**

OIA, Ltd. does not routinely recommend, request or require that a client direct transactions through a specified broker-dealer different than the client's custodian. Nor does OIA, Ltd. have any economic relationships with any broker/dealers that create a material conflict of interest.

### **12A3b**

For the most part, OIA, Ltd. permits a client to direct brokerage, however at this time there few or no clients that are doing so. Directed brokerage may prevent OIA, Ltd. from achieving the most favorable executions for client transactions, and may cost clients more money.

## **12B**

OIA, Ltd. does not aggregate the purchase or sale of securities for various client accounts.

Clients may incur slightly higher commission charges due to this practice.

## **Review of Accounts (Item 13)**

At least annually, OIA, Ltd. reviews the asset allocation of client accounts and suggests revisions. Reviews will be conducted in person or via conference call if face to face is not possible by either James Bridgewater or Adam Stauffer.

On the first business day of each new year, OIA, Ltd. shall perform rebalance transactions to return the accounts to their target allocations, unless the principal value of a proposed rebalancing transaction is less than \$1,000—that rebalancing transaction shall be deferred indefinitely.

On the first business day of each new month, OIA, Ltd. shall perform tactical allocation rebalances to adjust the portfolio to reflect the short-term market outlook. If it is determined that the outlook is negative or unnecessarily volatile for a particular position then that position may be reduced to 0% until it is deemed appropriate to hold again.

The client's custodian (Interactive Brokers, TD Ameritrade) will provide custody services and is responsible for rendering online statements for clients. The custodian report shall be considered to be the official record for clients account and shall be the basis for the risk review to be performed by Adam Stauffer as adviser to the account.

Clients will receive written communication from OIA, Ltd. regarding market commentary, and model / portfolio performance, among other things, no less frequently than monthly.

## Client Referrals and Other Compensation (Item 14)

No individuals or firms provide an economic benefit to OIA, Ltd. for providing investment advice or other advisory services.

At this time, OIA, Ltd. and related persons do not directly or indirectly compensate any person who is not our supervised person for client referrals.

## Custody (Item 15)

**OIA Ltd.** does not have custody of client funds. Most of our client's funds are held at Interactive Brokers and TD Ameritrade Institutional; Interactive Brokers and TD Ameritrade Institutional send monthly statements and trade confirms directly to our clients usually via email.

## Investment Discretion (Item 16)

**OIA Ltd.** accepts full discretionary authority to manage a portfolio of securities on behalf of our clients. Our client's sign over a limited power of attorney which enables OIA, Ltd. officers to place buy and sell orders on behalf of our clients.

## Voting Client Securities (Item 17)

At this time, we do not vote proxies on behalf of our advisory accounts. At our clients' request, we may offer advice regarding corporate actions and the exercise of proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. If necessary, clients may contact OIA, Ltd. with questions about particular solicitations.

OIA, Ltd., always considers the interest of our client(s) first and foremost when making recommendation or taking action.

## **Financial Information (Item 18)**

We are not required to provide financial information to our clients because we do not:

- 1) Require the prepayment of more than \$1,200 in fees, six months or more in advance, or
- 2) Take custody of client funds or securities, or
- 3) Have a financial condition that is reasonably likely to impair our ability to meet our commitments to our clients.

OIA, Ltd. and its related employees have not been the subject of a bankruptcy petition at any time during the past ten years.

## **Wrap Fee Programs (Appendix 1)**

OIA, Ltd. currently does not participate in any wrap fee programs.

## **Brochure Supplement 1 - James L Bridgewater**

See separate document - **Form ADV Part 2b - Brochure Supplement\_Bridgewater**

## **Brochure Supplement 2 - Adam W Stauffer**

See separate document - **Form ADV Part 2b - Brochure Supplement\_Stauffer**