

Part 2A & B Form ADV: Firm Brochure

Dated: June 15, 2021

## **BlueSail Advisors LLC**

3033 Wilson Boulevard

Suite 700

Arlington, VA 22201

### **Contact Information:**

Todd Shears

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Website: [BlueSailAdvisors.com](http://BlueSailAdvisors.com)

This Brochure provides information about the qualifications and business practices of BlueSail Advisors LLC. If you have any questions about the contents of this Brochure, please contact us at: (703) 373-1170 or [info@bluesailadvisors.com](mailto:info@bluesailadvisors.com). 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.

BlueSail Advisors LLC is a registered investment advisor in the Commonwealth of Virginia, the District of Columbia, and the States of Florida, Maryland and Texas. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information about which you determine to hire or retain an advisor. Additional information about BlueSail Advisors LLC is available on the SEC's website at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

## Item 2 – Material Changes

The date of our previous annual update to our Brochure was March 26, 2020. Please see attached “Exhibit A” listing material changes made after that date.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. A Summary of Material Changes is also included with our Brochure on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for BlueSail Advisors, LLC is 144579. The Summary of Material Changes is listed as “Exhibit A” to our Brochure. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Todd Shears at (703) 373-1170 or via email at [info@bluesailadvisors.com](mailto:info@bluesailadvisors.com). Brochures are provided free of charge.

## Item 2 – Material Changes

### Exhibit A

As of June 15, 2021 the primary office of BlueSail Advisors LLC is located at 3033 Wilson Boulevard, Suite 700, Arlington, Virginia 22201.

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#### Item 4 – Advisory Business

BlueSail Advisors LLC (“Advisor”) is a fee-only financial planning firm principally registered with the Commonwealth of Virginia (as well as other states as applicable) that specializes in providing comprehensive financial planning and investment advisory services to individuals and families. Advisor is owned and operated by Todd T. Shears, who established BlueSail Advisors LLC in April 2008 upon receiving its investment advisor license from the District of Columbia. Advisor offers a wide range of financial services. Specifically, BlueSail Advisors LLC distinguishes itself from traditional investment advisory firms by providing services to meet your investment management needs such as asset allocation, mutual fund selection, monitoring of existing investments and plan implementation as well as tax planning, estate planning, risk management, retirement planning, education planning and business development needs. As of February 1, 2021 BlueSail Advisors LLC manages \$19,019,268.60 on a non-discretionary basis.

Generally Advisor has non-discretionary authority to execute investment recommendations. Non-discretionary authority requires Advisor to obtain Client’s approval of each specific transaction prior to executing investment recommendations. Advisor will only execute transactions for Clients when specifically requested and authorized by Client in writing. More information regarding Brokerage can be found in Item 12 of this brochure.

Advisor and Client will enter into an agreement which details the scope of the relationship and responsibilities of both Advisor and Client. Advisor tailors its advisory services to the individual needs of its clients by taking the time to understand clients’ current financial condition, goals, risk tolerance, income, liquidity requirements, investment time horizon, and other information that is relevant to the management of Clients’ account(s). Clients may impose restrictions on investing in certain securities or types of securities so long as such restrictions may reasonably be implemented by Advisor.

Advisor does not sell insurance or investment products, and does not accept commissions as a result of any product recommendations. Advisor does not pay referral or finder's fees, nor does it accept such fees from other firms. BlueSail Advisors LLC does not participate in wrap fee programs.

Advisor provides the following types of service:

1. Open Retainer: An Open Retainer provides comprehensive financial planning for an annual fee over the course of one year. Clients will have five to seven scheduled meetings during the Initial Year (see

below), depending on their individual situation, and generally two or three scheduled meetings during Renewal Years (see below). In addition to scheduled meetings, additional face-to-face, e-mail and/or phone consultations are included at no additional charge.

Services provided may include, but are not limited to: tax planning, insurance review, inventory of assets, analysis of financial goals, portfolio analysis, development of an asset allocation strategy, no-load mutual fund recommendations, retirement planning, estate plan reviews, and investment management.

Initial Year of Open Retainer – Scheduled meeting topics are listed below. Advisor will schedule meetings to cover those topics relevant to you, such as:

- Budgeting and cash flow
- Tax planning
- Record-keeping
- Inventory of client assets
- Retirement planning
- Portfolio analysis
- Goal setting
- Develop asset allocation strategies
- Estate planning review
- Recommend investments
- Small business planning
- Insurance analysis
- Education planning
- Analysis of employee benefits

Renewal Years of Open Retainer - Typical scheduled meetings:

- Tax planning
- Goal setting/review
- Investment review/update
- Rebalancing of assets
- Financial planning and/or any financial services as requested or needed by client.

## **Item 5 – Fees and Compensation**

### Open Retainer

#### *Financial Planning Fees*

The initial financial planning fee is an annual fee that typically ranges between \$1,200 - \$4,800. Fees are calculated based on the client(s) total income, assets, and overall complexity of their financial situation, as well as the specific financial topics to be analyzed by Advisor. Forty percent (40%) of the initial annual fee will be due upon execution of the written agreement. The remainder of the fee is payable in equal quarterly payments, due in advance of each quarter for the duration of the year. Subsequent annual financial planning retainer fees renew on the anniversary date of the execution of the agreement and will be payable quarterly, in advance, by credit card charge. For clients for whom we also provide Investment Management Services, fees will be paid directly to Advisor from the Client's Custodial Account as outlined in the Investment Management Fee section below. Subsequent annual financial planning retainer fees will be determined at the time of entering into the open retainer agreement. However, at the discretion of the Advisor, but no later than thirty (30) days prior to the anniversary date of the Agreement, the Advisor may recalculate the annual fee. The recalculated fee will only become effective after approval by the Client. The specific manner in which fees are charged is established in Client's written agreement with BlueSail Advisors LLC. Refunds will be paid by Cashier's Check.

Any credits or adjustments will be determined in the sole discretion of Advisor.

#### *Investment Management Fees*

Compensation for investment management services are based on a percentage of assets under management. Fees are based on a per annum percentage of the total assets under management and calculated annually. Fees are paid quarterly. BlueSail's standard fee schedule is set forth below:

ASSETS	ANNUAL FEE
The first \$1,000,000 (Assets from \$0 to \$1,000,000)	0.95%
The next \$4,000,000 (Assets from \$1,000,001 to \$5,000,000)	0.65%
Over \$5 million	0.35%

Investment management fees are billed on a quarterly basis, in advance. Advisor's fees will be invoiced to Client and paid directly to Advisor from the Client's Custodial Account, unless otherwise agreed, upon submission of an invoice to the custodian. Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the Account. If Client assets are invested in mutual funds, Client may be required to pay, in addition to the Advisor's fee, a proportionate share of the mutual fund's fees and charges. Advisor's fees are not contingent upon investment results. From time to time clients may request services outside the scope of the retainer and out-of-pocket fees will apply. No out-of-pocket expenses will be incurred unless expressly authorized by the Client. Refunds will be paid by Cashier's Check.

Advisor reserves the right to amend the investment management fee from time to time. Any such amended fee will be memorialized by an amended **Schedule A** to the Open Retainer Agreement, and will only become effective after being approved by the Client.

In addition to Advisor's fee, clients may incur certain other fees and charges to implement Advisor's recommendations. Additional charges and fees will be imposed by custodians, brokers, third party investment and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the Advisor's fee. Fees are negotiable. The client may terminate an engagement by providing written notice within five days of signing a retainer agreement. Additionally, either party may terminate an agreement, without penalty, at any time upon 30 days written notice. Any prepaid but unearned fees, minus the 30



day notice period, will be promptly refunded by Advisor. Any fees that have been earned but not yet paid by Client will be due and payable.

Please see Item 12 of this brochure for further information on Brokerage practices.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Advisor does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Advisor provides comprehensive financial planning and investment advisory services primarily to individuals and families. We strive to work with people from all different walks of life. As such, we maintain no minimum net-worth or asset requirements. As discussed above, your chosen relationship agreement and fee will be based upon your individual circumstances.

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

The main sources of information Advisor may rely upon when researching and analyzing securities will include traditional research materials such as financial newspapers and magazines, annual reports, prospectuses, filings with the SEC, as well as research materials prepared by others, company press releases and corporate rating services. Advisor also subscribes to various professional publications deemed to be consistent and supportive of Advisor's investment philosophy.

Moreover, Advisor approaches investment portfolio analysis and implementation based on internal factors such as your tax situation, overall risk tolerance, current financial situation, and your personal goals and aspirations. After identifying these items, your portfolio will be structured around your individual needs, while minimizing negative effects of external factors, such as interest rates, market performance, and the economy as a whole.

Since Advisor's sources of information are specifically derived from third-parties (including the Client), there can be no assurances that such information is accurate and error-free, or that such information will be applicable after the date of its initial publication or delivery.

In general, Advisor recommends no-load mutual funds (i.e., mutual funds that have no sales fees), exchange traded funds, U.S. government securities, money market accounts, certificates of deposit, and individual bonds (corporate, agency and municipal). However, in the course of providing investment advice, Advisor may address issues related to other types of assets that you may already own. Any other products that may be deemed appropriate for you will be discussed, based upon your goals, needs and objectives.

Any investing in securities involves risk of loss that clients should be prepared to bear. While Advisor will use its best judgment and good faith efforts in rendering services to client, not every investment decision or recommendation made by Advisor will be profitable. Advisor cannot warrant or guarantee any particular level of account performance, or that an Account will be profitable over time. Client assumes all market risk involved and understands that investment decisions are subject to various market, currency, economic, political and business risks.

Investing for the long term means that a client's account will be exposed to short-term fluctuations in the market and the behavioral impulse to make trading decisions based on such short-term market fluctuations. Advisor does not condone short-term trading in an attempt to "time" the market, and instead coaches clients to remain committed to their financial goals. However, investing for the long term can expose clients to risks borne out of changes to interest rates, inflation, general economic conditions, market cycles, geopolitical shifts, and regulatory changes.

Investing in mutual funds does not guarantee a return on investment, and shareholders of a mutual fund may lose the principal that they've invested into a particular mutual fund. Mutual funds invest into underlying securities that comprise the mutual fund, and as such clients are exposed to the risks arising from such underlying securities. Mutual funds charge internal expenses to their shareholders (which can include management fees, administration fees, shareholder servicing fees, sales loads, redemption fees, and other fund fees and expenses, e.g.), and such internal expenses subtract from its potential for market appreciation. Shares of mutual funds may only be traded at their stated net asset value ("NAV"), calculated at the end of each day upon the market's close.

Investing in exchange traded fund ("ETFs") bears similar risks and incurs similar costs to investing in mutual funds as described above. However, shares of an ETF may be traded like stocks on the open market and are not redeemable at an NAV. As such, the value of an ETF may fluctuate throughout the day and investors will be subject to the cost associated with the bid-ask spread (the difference between the price a buyer is willing to pay (bid) for an ETF and the seller's offering (asking) price).

Clients are encouraged to carefully read the prospectus of any mutual fund or ETF to be purchased for investment to obtain a full understanding of its respective risks and costs.

Investing in fixed income securities like U.S. government securities, certificates of deposit, and individual bonds means that a Client will be more prone to inflationary risk and duration risk, and that expected returns will not outpace inflation (or the expected returns of the equity markets).

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of BlueSail Advisors LLC or the integrity of BlueSail Advisors LLC's management. Advisor has no information to disclose applicable to this Item.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Advisor may participate in financial industry activities through attendance at national and local conferences and seminars, participation in study-groups and through on-line instruction and discussion forums. Advisor strives to remain current in the financial planning profession. BlueSail Advisors LLC or any of its representatives are not registered, or have an application pending to register, as a broker-dealer or registered representative of a broker dealer. BlueSail Advisors LLC or any of its representatives are not registered persons 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. No relationship or arrangement exists with BlueSail Advisors or its representatives that is material to its advisory business. BlueSail Advisors does not receive compensation, directly or indirectly, for recommending or selecting other investment advisors for its clients.

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

Although Advisor believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain, clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest. In any event, Advisor will disclose to advisory Clients any material conflict of interest relating to Advisor, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice. A copy of the BlueSail Advisors Code of Ethics is available upon client request.

BlueSail Advisors LLC seeks to avoid material conflicts of interest. Accordingly, neither Advisor nor its investment adviser representatives nor its team members receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies.

However, some additional services and non-direct monetary or other forms of compensation may be offered and provided to Advisor as a result of its relationships with custodian(s) and/or providers of mutual fund products.

For example, Advisor's representatives and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. Advisor believes that the services and benefits provided to it by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to clients. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts herein.

#### **Participation or Interest in Client Transactions and Personal Trading**

Advisor does not currently participate in securities in which it has a material financial interest. Advisor and its related persons, as a matter of policy, do not recommend to clients, or buy or sell for client accounts, securities in which the firm or its related persons has a material financial interest. Advisor or individuals associated with Advisor may buy and sell some of the same securities for its own account that Advisor buys and sells for its Clients. When appropriate the Advisor will purchase or sell securities for Clients before purchasing or selling the same securities for Advisor's own account. In some cases Advisor may buy or sell securities for its own account for reasons not related to the strategies adopted by the Advisor's Clients.

Certain classes of securities, such as open ended mutual funds, are designated as exempt transactions, meaning employees may trade these without prior permission because such trades would not materially interfere with the best interest of Advisor's clients. Nonetheless, because the Code of Ethics permits employees to invest in the same securities as clients, there is a possibility that employees might somehow benefit from the market activity of a client. Accordingly, when applicable, Employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Advisor and its clients.

Advisor will disclose to advisory Clients any material conflict of interest relating to Advisor, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

## **Item 12 – Brokerage Practices**

Advisor may use its discretion when recommending a broker-dealer. Client is not obligated to effect transactions through any broker-dealer recommended by Advisor.

By directing brokerage, i.e. recommending a broker-dealer, we may be unable to achieve most favorable execution of client transactions; and this practice may cost clients more money. However, when recommending a broker-dealer the Advisor will comply with its fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934, and will take into account such relevant factors as:

- Price;
- The broker-dealer's facilities, reliability and financial responsibility;
- The ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such broker or dealer to the Advisor, notwithstanding that the account may not be the direct or exclusive beneficiary of such services;
- And, any other factors the Advisor considers to be relevant.

However, if the Client selects the broker-dealer of their own choosing, we may be unable to seek best execution of your transactions, and your commission costs may be different than those of our recommended broker-dealers. In addition, we may place your transactions after we place transactions for Clients using our recommended broker-dealers. Not all advisors allow their clients to direct brokerage.

Subject to Section 28(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), we may recommend broker-dealers who charge transaction fees that are in excess of the amount of transaction fees charged by other broker-dealers in recognition of their research, seminar and execution services. These benefits are generally considered to be "soft dollar" arrangements. But for soft dollar arrangements, we would have to obtain these types of services and products for cash. As a result of receiving such products and services for no cost, we have an incentive to recommend broker-dealers to Clients that offer soft dollar arrangements.

Because the above interests are in conflict with the Clients' interest of obtaining the lowest commission rate available, we are required to periodically evaluate, and determined in good faith, based on the "best execution" policy stated above that transaction fees are reasonable in relation to the value of the services provided.

BlueSail does not aggregate trades. Advisor primarily recommends no-load, low cost mutual funds. As such, there is no cost to the client for not aggregating.

### **Item 13 – Review of Accounts**

Todd Shears, owner of BlueSail Advisors LLC, is responsible for reviewing and assessing financial recommendations made to you. Factors triggering review may include significant changes in your financial condition, changes in the fundamentals of the companies or entities issuing securities, price fluctuations and significant economic or industry developments. Investment accounts are reviewed semi-annually with clients and scheduled in advance by the advisor. Financial planning clients receive financial plan recommendations periodically during the term of their engagement of Advisor, but no less frequently than once annually and are scheduled in advance by the advisor.

If you maintain any brokerage account(s), your custodian will provide a statement at least quarterly which includes a list of all assets held in the account, asset values, and all transactions affecting the account assets, including any additions or withdrawals.

### **Item 14 - Client Referrals and Other Compensation**

BlueSail Advisors LLC is a fee-only financial planning firm and does not sell insurance or investment products, nor does it accept commissions as a result of any product recommendations. At the client's request, Advisor may recommend other professionals, i.e.; attorneys, accountants, insurance brokers, and mortgage brokers that Advisor has found to be reliable. Advisor does not pay referral or finder's fees, nor does it accept such fees from other firms or individuals.

### **Item 15 – Custody**

Except for the ability to directly deduct advisory fees from custodial accounts, Advisor does not have custody over Client funds and securities. Accordingly, Advisor shall have no liability to the Client for any

loss or other harm to any property in the account. Clients will receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Advisor urges all clients to carefully review such statements and compare such official custodial records to any statements that we may provide to you. Advisor may also provide clients with periodic reports on client's account. These reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

At the client's request, BlueSail Advisors LLC may execute the sale and/or purchase of investments where authorized to do so by you on a non-discretionary basis. Non-discretionary refers to the requirement to obtain your express permission and approval, on each individual trade. Although you may wish to sign a written Limited Power of Attorney your Full Retainer Agreement specifically prohibits us from making trades in client accounts without such having obtained agreement on the trade beforehand.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Advisor does not have any authority to and does not vote proxies on behalf of advisory clients. Clients receive proxies from the custodian and retain the responsibility for voting proxies for any and all securities maintained in client portfolios. At the request of a client, Advisor may provide advice to clients regarding the clients' voting of proxies. To obtain advice regarding voting your proxies please contact BlueSail with the information listed on the cover of this brochure. We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

#### **Item 18 – Financial Information**

Registered investment Advisors are required to provide you with certain financial information or disclosures about their financial condition. Advisor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered Advisors**

Todd T. Shears is the sole provider of investment advice. He is not actively engaged in any outside investment-related business activities and has no relationships which would create a material conflict of interest with clients.

In addition, Advisor does not receive performance fees, commissions, bonuses or other compensation based on the sale of securities or other investment products.

Neither Advisor nor any management personal of Advisor have ever been found liable or required to pay any award for an arbitration claim or other civil proceeding related to an investment related activities. Advisor does not have any relationship or arrangement with any issuer of securities.



## **Brochure Supplement**

### **Item 1 – Cover Page – 02/01/2021**

This brochure supplement provides information for Todd T. Shears that supplements the BlueSail Advisors LLC brochure. You should have received a copy of that brochure. Please contact Todd Shears if you did not receive the BlueSail Advisors LLC brochure or if you have any questions about the contents of this supplement.

Additional information about Todd T. Shears is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Advisor's sole investment advisor representative is its principal and owner Todd T. Shears, who is solely responsible for supervision of the services and advice provided to clients. Todd T. Shears is also responsible for ensuring that Advisor is adhering to fiduciary duties owed to its Clients. There are no Supervised Persons.

Contact information for Todd T. Shears:

1001 19<sup>th</sup> Street North, Suite 1200  
Arlington, VA 22209  
(703) 373-1170

### **Item 2 – Education Background and Business Experience**

Todd T. Shears DOB: April 28, 1959

#### Education:

Grand Valley State University, Allendale, MI  
BS, Political Science, 1982

Georgetown University, Washington, DC  
Certificate in Financial Planning, 2004

Business Background:

Independent Consultant - August 1998 to December 2007. Clients included: Bank One, T. Rowe Price, MIRA Digital Publishing, E\*Trade Financial

**Item 3 - Disciplinary Information**

Registered Investment Advisors are required to disclose all material facts regarding legal or disciplinary events that would be material to your evaluation of each Supervised Person providing investment advice. There is no information to disclose applicable to this item.

**Item 4 – Other Business Activities**

Todd T. Shears is not actively engaged in any outside investment-related business activities and has no relationships which would create a material conflict of interest with clients.

Todd T. Shears does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

As of April 2016 Todd T. Shears serves on the Board of Directors of Briya Public Charter School, a not-for-profit corporation located in Washington, DC. ([Briya.org](http://Briya.org)) Mr. Shears serves in a volunteer capacity outside of regular business hours and receives no compensation or economic benefit.

Todd T. Shears is not actively engaged in any business or occupation which provides a substantial source of income or involves a substantial amount of time.

**Item 5 - Additional Compensation**

Todd T. Shears does not receive any additional compensation or other economic benefit for providing investment advisory services.

**Item 6 – Supervision**

Todd T. Shears is primarily responsible for all services and advice provided to clients of BlueSail Advisors LLC, and prepares all investment policies, forms and procedures for working with Clients and managing the firm.

**Item 7- Requirements for State-Registered Advisors**

There is no information to disclose applicable to this item.