

Big Wave Advisors Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Big Wave Advisors. If you have any questions about the contents of this brochure, please contact us at: 630-682-5520, or by email at: dave@bigwaveadvisors.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.

Additional information about Big Wave Advisors is available on the SEC's website at www.adviserinfo.sec.gov

March 29, 2011

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 630-682-5520 or by email at: dave@bigwaveadvisors.com.

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Firm Description

Big Wave Advisors, (“FIRM NAME”) was founded in 2007.

Big Wave Advisors provides investment management and market research to individuals. Advice is provided through consultation with the client and research is provided on a subscription basis and delivered via email on a regular basis.

Big Wave Advisors is strictly a fee-only investment management firm. Research is provided on a subscription basis. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fees are accepted.

Big Wave Advisors investment management process is discretionary in nature. After meeting with the client, Big Wave Advisors designs and manages the investment portfolio on a discretionary basis. Big Wave Advisors maintains constant communication with clients as to the progress of their portfolios. Clients have clear input into portfolio strategy and can make recommendations on strategy and portfolio makeup at regularly scheduled meetings.

Research is emailed out on a regular basis and consists of defining current market trends and strategies. Not all research subscribers are investment management clients and pay an annual subscription fee for the service. All investment management clients receive the regular research free of charge.

Principal Owners

David R Nielsen is a 100 % stockholder.

Types of Advisory Services

Big Wave Advisors provides investment supervisory services, also known as asset management services; manages investment advisory accounts not

involving investment supervisory services; issues periodicals about securities by subscription; issues special reports about securities; and issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities.

As of March 29, 2011, Big Wave Advisors manages approximately \$11,400,000 in assets for approximately 100 clients. Approximately \$11,400,000 is managed on a discretionary basis, and \$0 is managed on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Investment Advisory Agreement

Most clients choose to have Big Wave Advisors manage their assets in order to obtain ongoing in-depth advice. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

Since Big Wave Advisors does not do any financial planning and is strictly an investment management and research firm, the Investment Advisory Agreement along with a current fee schedule is the only agreement presented to clients and is provided in writing prior to the start of the relationship.

The annual Investment Advisory Agreement fee is based on a percentage of the investable assets according to the following schedule:

- 1.75% on the first \$200,000;
- 1.5% on the next \$300,000 (from 200,001 to 300,000); and
- 1% on the assets above \$500,000.

There is no minimum fee. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Although the Investment Advisory Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be

billed on a pro rata basis for the portion of the month completed. The portfolio value at the completion of the prior full billing month is used as the basis for the fee computation, adjusted for the number of days during the billing month prior to termination.

Asset Management

Assets are invested primarily in exchange-traded funds through Interactive Brokers LLC. Interactive Brokers LLC will charge a small transaction fee for the purchase of exchange rated funds.

Stocks and bonds may be purchased or sold through a Interactive Brokers LLC. The brokerage firm charges a fee for stock and bond trades. Big Wave Advisors does not receive any compensation, in any form, from fund companies or Interactive Brokers LLC.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (no load only mutual funds shares), U. S. government securities, options contracts and futures contracts.

Initial public offerings (IPOs) are NOT available through Big Wave Advisors.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Big Wave Advisors in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Big Wave Advisors will refund any unearned portion of the advance payment.

Big Wave Advisors may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Big Wave Advisors will refund any unearned portion of the advance payment.

Fees and Compensation

Description

Big Wave Advisors bases its fees on a percentage of assets under management and subscription fees.

Fees are *NEGOTIABLE*.

Fee Billing

Investment management fees are billed monthly, in *ARREARS*, meaning that we invoice you *AFTER* the monthly billing period has *ENDED*. Payment in

full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Big Wave Advisors, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Big Wave Advisors.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

Big Wave Advisors reserves the right to stop work on any account that is more than 30 days overdue. In addition, Big Wave Advisors reserves the right to terminate any Client relationship where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Big Wave Advisors's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Big Wave Advisors does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may

create an incentive for the adviser to buy an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

Big Wave Advisors generally provides investment advice to individuals only. Client relationships vary in scope and length of service.

Account Minimums

There are no account minimums at Big Wave Advisors.

However, Big Wave Advisors has the discretion to set an account minimum in the future and clients will be advised 90 days prior to this taking place.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, research materials prepared by others, timing services and company press releases.

Other sources of information that Big Wave Advisors may use include Elliott Wave International, Bianco Research, StockCharts LLC and the World Wide Web.

Big Wave Advisors also provides its own research prepared daily and emailed out to subscribers and clients in the form of a FLASH REPORT. These FLASH REPORT provide subscribers and clients a daily insight into what Big Wave Advisors is thinking, what investment strategies are being considered and where the longer term trends are developing in the markets. By providing this daily research, Big Wave Advisors believes that all clients and subscribers are being given up to the minute input as to how they are managing and allocating their portfolios.

Investment Strategies

The primary investment strategy used on client accounts is trend following technical analysis. This means that we use exchange-traded funds as the core investments, and then add individual stocks when warranted. Portfolios are globally diversified to control the risk associated with traditional markets. Big Wave Advisors uses various technical methods and formulas to identify

longer term global trends and then allocates a portion of each portfolio to the specific exchange traded fund that mirrors that trend.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases, short-term purchases, trading and using inverse exchange traded funds .

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are

interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Big Wave Advisors is registered as a Registered Investment Advisor.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The employees of Big Wave Advisors have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Big Wave Advisors and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Big Wave Advisors *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of Big Wave Advisors is Sandy Nielsen. She reviews all employee trades each quarter. Her trades are reviewed by David Nielsen. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund

trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Big Wave Advisors does not have any affiliation with product sales firms.

Big Wave Advisors clears all trades through Interactive Brokers LLC but is not affiliated in any way with that firm. Big Wave Advisors at any time can opt out of its clearing arrangement with Interactive Brokers LLC and have another clearing firm handle all trading at that time.

Big Wave Advisors *DOES NOT* receive fees or commissions from any of these arrangements.

Best Execution

Big Wave Advisors reviews the execution of trades at Interactive Brokers LLC each month. Trading fees charged by the custodians is also reviewed on a monthly basis. Big Wave Advisors does not receive any portion of the trading fees.

Interactive Brokers uses “Smarttrade”, an order routing system that directs the trade to one of 20 different brokers and places the trade with the broker who is offering the best price for the transaction. This saves the client money by constantly looking for the best execution price among many different brokers.

Soft Dollars

Even though client assets are custodiated at Interactive Brokers LLC, Big Wave Advisors receive NO soft dollars from Interactive Brokers LLC.

Order Aggregation

Most trades are exchange-traded funds where trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by advisors David Nielsen, President. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Clients receive periodic communications on at least an annual basis. Investment management clients receive quarterly updates. When market conditions dictate, monthly updates are given.

Monthly billing statements are emailed to every client and included on these statements is a complete review of account performance for the month.

All account activity, as well as daily account statements are on-line through Interactive Brokers 24-7. Clients have their own password and numeric security code to enter the Interactive Brokers website and they can review all account activity and account valuations at any time.

Big Wave Clients also have 24-7 access to funds in their accounts and can instruct Interactive Brokers to transfer funds in and out of their account at their discretion without approval of Big Wave Advisors.

Client Referrals and Other Compensation

Incoming Referrals

Big Wave Advisors has been fortunate to receive client referrals. The referrals came from current clients, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

Big Wave Advisors does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

Big Wave Advisors will receive other compensation from annual subscriptions to the FLASH REPORTS. As of March 29, 2011, the annual subscription rate is \$299.

Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

All clients have access to their statements 24-7 on the custodian's website. Clients can access their account value, trades and cash positions as well as performance and fees paid. All of this is available through encrypted password protected technology and each client receives their personal code to enter the account management system.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Big Wave Advisors.

Performance reporting is available directly to every client on the custodian's website through an encrypted, password protected process. Clients can review performance for any period of time and review all trades, cash positions, gains and losses and tax information on any day at any time.

Investment Discretion

Discretionary Authority for Trading

Big Wave Advisors accepts discretionary authority to manage securities accounts on behalf of clients. It has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Big Wave Advisors consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

Big Wave Advisors does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved.

Voting Client Securities

Proxy Votes

Big Wave Advisors does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Big Wave Advisors will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Financial Information

Financial Condition

Big Wave Advisors does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Big Wave Advisors does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

Business Continuity Plan

General

Big wave Advisors has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

Information Security

Big Wave Advisors maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Big Wave Advisors is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances and information about transactions between you and third parties. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

Big Wave Advisors requires that advisors in its employ have a bachelor's degree. Additionally, advisors must have work experience that demonstrates their aptitude for investment management.

David R Nielsen

Educational Background: Western Michigan University

- Date of birth: July 19, 1956
Graduated from WMU in 1978

Business Experience:

- Caterpillar Tractor 1978-1981
- Edward Jones 1981-1991
- Packers Trading Company 1991-1993
- Rothschild Securities 1993-1995
- Merrill Lynch 1995-1998
- Raymond James 1998-2007
- Big Wave Advisors 2007 to present

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

David Nielsen the only investment manager at Big Wave Advisors He is supervised by Sandy Nielsen, Compliance Manager.

SUPERVISOR'S contact information:

630-682-5520 sandy@bigwaveadvisors.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None