



# Form ADV Disclosure Brochure

March 1<sup>st</sup>, 2024

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This brochure provides information about the qualifications and business practices of Pure Portfolios Holdings LLC, a registered investment advisor with the Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. For compliance specific requests, please call (877) 261-0015. 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 the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Pure Portfolios Holdings LLC (hereby known as “Pure Portfolios” or the “Firm”) is required to discuss any material changes that have been made to the brochure since the last annual amendment.

As of December 31<sup>st</sup>, 2023, the combined firm manages approximately \$293,393,960 in client assets for over 285 clients. Types of clients include individuals, families, non-profit organizations, and retirement plans across the United States.

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 Pure Portfolios is #311002. 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 Toby Weber, Chief Compliance Officer at (503) 702-5727 or via e-mail at [toby@pureportfolios.com](mailto:toby@pureportfolios.com).

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## Item 4. Advisory Business

Pure Portfolios Holdings LLC (“Pure Portfolios”, “we”, “our,” or “us”) is a privately-owned limited liability company headquartered in Portland, OR.

Pure Portfolios is a registered investment adviser with the U.S. Securities and Exchange Commission. The Firm was formed in 2016, became an independent LLC in 2020. Pure Portfolios is owned by Toby Weber and Nik Schuurmans. As of December 31st, 2023, Pure Portfolios managed approximately \$293,393,960 in assets on a discretionary basis for over 285 clients.

While this brochure generally describes the business of Pure Portfolios, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on the Firm’s behalf and is subject to the Firm’s supervision or control.

### **Investment Management Services**

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Pure Portfolios offers clients a broad range of investment, financial planning, and consulting services, which may include any or all of the following functions: Business Planning, Cash Flow Forecasting, Trust and Estate Planning, Financial Reporting, Investment Consulting, Investment Management, Insurance Planning, Retirement Planning, Risk Management, Charitable Giving, Distribution Planning, Tax Planning, and Manager Due Diligence.

In performing these services, the Firm is not required to verify any information received from the client or from the client’s other professionals (e.g. attorneys, accounts, etc.) and is expressly authorized to rely on such information. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by the Firm under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the Firm’s recommendations and/or services.

### **Wealth Management Services**

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Pure Portfolios provides clients with wealth management services which may include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

Pure Portfolios primarily allocates client assets using in-house stock models among various exchange-traded funds (“ETFs”), and individual stock and bond holdings in accordance with their stated investment objectives.

The Firm tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. The Firm consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify the Firm if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if the Firm determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

### **Retirement Plan Consulting Services**

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The Firm may elect to provide various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized and may include any or all of the following services: Plan Design and Strategy, Plan Review and Evaluation, Executive Planning & Benefits, Investment Selection, Plan Fee and Cost Analysis, Plan Committee Consultation, Fiduciary and Compliance, and Participant Education.

As disclosed in the Pure Portfolios Advisory Agreement, certain of the foregoing services are provided by Pure Portfolios as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Pure Portfolios’ fiduciary status, the specific services to be rendered and all direct and indirect compensation that Pure Portfolios reasonably expects under the engagement.

### **Specialized Investment Services**

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Pure Portfolios offers certain other services designed as an ongoing engagement to implement and provided services based on a per hour rate or flat fee for certain services personalized to a client’s situation. Such services may include:

- Customized Portfolios: Design and manage more complex portfolios, which may include individual stocks, bonds, ETFs, mutual funds, concentrated stock, low-basis stock, non-traded assets.
- Model Portfolios: Manage client assets within the current suite of five model portfolios.
- Customized Asset Class Strategy: ex. Emerging Markets strategy that may include both debt and equity securities.
- Other Services: Blog and or media content, quarterly and annual review commentary, strategy calls and or video conferencing, client strategy meetings.

### **Use of Independent Managers**

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The Firm may select certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Managers engaged to manage their assets.

At this time, the Firm does not use Independent Managers.

## **Item 5. Fees and Compensation**

The Firm offers services on a fee basis, which may include fixed and/or hourly fees, as well as fees based upon assets under management or advisement.

### **Investment Management Fees**

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Pure Portfolios offers wealth management services (which includes financial planning, consulting, and investment management services) for either an annual fee based on the amount of assets under management or a flat fee for financial planning and advice for assets not under management.

The management fee for assets under management generally varies between 40 and 100 basis points (0.40% - 1.00%) for Pure Portfolios depending on the size and composition of a client’s portfolio and the type of services rendered.

### **Performance Based Discounts**

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For qualified clients, a performance-based adjustment to the advisory fee may be applicable. Such discounted fee adjustments will only be implemented in the event of underperformance of the client’s portfolio specific to a mutually agreed upon hurdle rate. The discount will apply for the following 12-month calendar year. A qualified client is defined as a client with a minimum of \$1,000,000 of assets under management with the Firm.

Real, potential, or apparent conflicts of interest may arise with respect to performance-based discounts to the advisory fee. Pure Portfolios may manage accounts with investment strategies which are the same, or similar to, strategies employed for your account. Fees earned by the Firm may vary among these accounts. These factors could create potential conflicts of interest because the Firm may have incentives to favor certain accounts over others. It is possible that the Firm may not make equitable investments across client accounts due to the performance-based fee discount conflict. A potential conflict may also exist if the Firm identifies a limited investment opportunity that may be appropriate for more than one account, but the Firm is not able to take full advantage of that opportunity due to the need to allocate that opportunity among multiple accounts. In addition, the Firm may execute transactions for another account that may adversely impact the value of securities held by your account. These potential conflicts could have negative impacts to

your investment performance. However, the Firm believes that these risks are mitigated by the fact that accounts with like investment strategies managed by the Firm are generally managed in a similar fashion taking into consideration the investment objectives and strategies and any legal, tax or regulatory considerations.

### **Account Valuation Methodology**

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Fair market value for purposes of computing Pure's compensation, if any, is determined by valuing the assets as follows:

- Cash and cash equivalents shall be valued at face amount.
- Notes, bonds, and other debt instruments' current market value shall be determined on the basis of market quotations, or, if such quotations are not readily available, market value will be determined based on coupon, maturity, rating, liquidity, industry factors, company factors, and management.
- Common stock and other equity securities shall have a value equal to their respective closing prices as quoted by the NYSE or the NASDAQ Stock Exchange ("NASDAQ") system on the last business day preceding the day on which fair market value is being determined.
- Interest and dividends shall be accrued to the last business day preceding the day on which fair market value is being determined.
- The annual fees disclosed above are provided for transparency and they do not include the expenses charged by the fund companies. The annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by the Firm on the last day of the previous billing period.

If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets may be adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), the Firm may negotiate a fee rate that differs from the range set forth above.

### **Fee Discretion**

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The Firm may, in its sole discretion, charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### **Additional Fees and Expenses**

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In addition to the advisory fees paid to the Firm, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### **Direct Fee Debit**

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Clients generally provide the Firm and/or the Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to the Firm.

## Account Additions and Withdrawals

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Clients may make additions to and withdrawals from their account at any time, subject to the Firm's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. The Firm may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## Item 6. Performance-Based Fees and Side-by-Side Management

Please see *Performance Based Discounts* in Item 5. Fees and Compensation.

## Item 7. Types of Clients

Pure Portfolios offers investment advice to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### Minimum Account Requirements

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The Firm does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

### Methods of Analysis and Investment Strategies

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Pure Portfolios utilizes investment strategies driven by the client's short-term and long-term goals, objectives, and risk tolerance. The Firm does not have any proprietary products and the intent of these strategies is to deliver a low-cost, diversified mix of domestic and global investments allocated across multiple asset classes. Pure Portfolios utilizes index funds, ETFs and individual securities to allocate assets across clients' portfolios. The Firm rebalances portfolios periodically in accordance with the investment objective and asset allocation mandates.

### Risk of Loss – Market Risks

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The firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, we cannot guarantee that an investment objective or planning goal will be achieved. As an investor, you must be able to bear the risk of loss that is associated with your account, which may include the loss of some or your entire principal. In general, risks regarding markets include interest rates, company, and management risk, among others. Examples include:

**Active Management Strategy Risks** – A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

**Company Risk** – When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

**Financial Risk** – When investing in securities, such as stocks, excessive borrowing by a company to finance its business operation increases profitability risk 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.

**Fundamental Analysis** – The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

**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.

**Market Risk** – When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called *systemic* or *systematic* risk.

**Passive Markets Theory** – A portfolio that employs a passive, efficient markets approach (representative of Modern Portfolio Theory) has the potential risk that at times the broader allocation may generate lower-than-expected returns than those from a specific, more narrowly focused asset, and that the return on each type of asset is a deviation from the average return for the asset class. We believe this variance from the “expected return” is generally low under normal market conditions when a portfolio is made up of diverse, low, or non-correlated assets.

**Research Data** – When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

#### **Risk of Loss – Security-Specific Material Risks**

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**Digital Assets** – Digital Assets, and products designed to track their price, entail unique risks. Market volatility poses the potential for substantial losses and large daily fluctuations. The trading environment could also be impacted, potentially decreasing the value of cryptocurrencies, through uncertainties in regulations, cybersecurity risks, and other market risks.

**ETF and Mutual Fund Risk** – ETFs and mutual funds may carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. The risk of owning these types of holdings also reflects the risks of their underlying securities.

**Fixed Income Risks** – Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk, including:

- **Credit Risk** - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF/ETN share values that hold these issues. Bondholders are creditors of an issuer and typically have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.
- **Duration Risk** - Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.
- **Interest Rate Risk** - The risk that the value of the fixed income holding will decrease because of an increase in



interest rates.

- **Liquidity Risk** - The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.
- **Reinvestment Risk** – With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

**Index Investing** – Certain ETFs and indexed funds have the potential to be affected by “tracking error risk” meaning that their performance may not exactly match the indices they are intended to track in all periods.

**QDI Ratios** – While many ETFs/ETNs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit.

Shorter holding periods, as well as commodities and currencies (that may be part of an ETF/ETN or mutual fund portfolio), may be considered “non-qualified” under certain tax code provisions. We consider a holding’s QDI when tax-efficiency is an important aspect of the client’s portfolio.

**REITs** – Risks involved in REIT investing may include but are not limited to (i) following the sale or distribution of assets an investor may receive less than their principal invested, (ii) a lack of a public market in certain issues, (iii) limited liquidity and transferability, (iv) a fluctuation of value of the assets within the REIT, (v) reliance on the investment manager to select and manage assets, (vi) changes in interest rates, laws, operating expenses, and insurance costs, (vii) tenant turnover, and (viii) current market conditions that may make REITs less desirable.

## Item 9. Disciplinary Information

The Firm has not been involved in any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations. In order to avoid conflicts of interest, disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence.

## Item 11. Code of Ethics

The Firm has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. The Firm’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices, by the Firm or any of its Supervised Persons, such as the use of material non-public information and the trading of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of the Firm’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be

completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds, (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds; and (v) exchange-traded funds ("ETFs").

Clients and prospective clients may contact the Firm to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

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Clients of Pure Portfolios generally utilize the custody, brokerage and clearing services of Schwab Advisor Services TM, Charles Schwab & Co, Inc. or Charles Schwab & Co., Inc. Advisor Services (or "Schwab"), Fidelity and TD Ameritrade (or collectively the "Custodian") for investment management accounts.

Factors which the Firm considers in working with Schwab, Fidelity, TD Ameritrade or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The Custodian may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the Custodian may be higher or lower than those charged by other Financial Institutions.

The commissions paid by the Firm's clients to the Custodians comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where the Firm determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. The Firm seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the client may be required to sign an additional agreement and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist the Firm in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because the Firm does not have to produce or pay for the products or services.

The Firm periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions to satisfy its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

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The Firm may receive without cost from Schwab, Fidelity, and TD Ameritrade computer software, website access, and related systems support, which allow the Firm to better monitor client accounts maintained at these custodial firms. The Firm may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support are not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit the Firm, but not its clients directly. In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Firm’s receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm’s choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, the Firm may receive the following benefits from Schwab, Fidelity, and TD Ameritrade:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

### **Brokerage for Client Referrals**

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The Firm does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

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The client may direct the Firm in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by the Firm (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Firm may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

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Transactions for each client generally will be completed independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among the Firm’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm’s Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. The Firm does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar

mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13. Review of Accounts**

### **Account Reviews**

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The Firm monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's Investment Committee and/or investment adviser representatives and are intended to fulfil the Firm's fiduciary obligations to their advisory clients. All advisory clients are encouraged to discuss their needs, goals, and objectives with Pure Portfolios, as appropriate, to keep the Firm informed of any changes thereto. Pure Portfolios contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations, and quarterly to discuss the impact resulting from any changes in the client's financial and/or investment objectives.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from the Firm and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from the Firm or an outside service provider.

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

### **Client Referrals**

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The Firm may provide compensation to third-party solicitors for client referrals. In the event a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from the Firm's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with the Firm's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of the Firm is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

## **Item 15. Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize the Firm and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Firm may also act upon client authorized letters directing the movement of funds, known as Standing Letters of Authorization. By virtue of these letters and by coordinating funds movement, including to client directed third parties, the Firm has custody over assets in accounts some accounts. The

Financial Institutions that act as the qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to the Firm. Additionally, the Firm has the ability to disburse or transfer certain client funds pursuant to Standing Letters of Authorization executed by clients.

In addition, as discussed in Item 13, the Firm may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from the Firm.

## **Item 16. Investment Discretion**

The Firm may be given the authority to exercise discretion on behalf of clients. The Firm is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. The Firm is given this authority through a power-of-attorney included in the agreement between the Firm and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). The Firm takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or terminated.

## **Item 17. Voting Client Securities**

As a matter of firm policy and practice, the Firm does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

## **Item 18. Financial Information**

The Firm is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.