



# **Pebble RIA, LLC**

SEC-Registered Investment Adviser  
CRD # 323301

37 Tarbell Ave  
Lexington, MA 02421  
203-249-0473

Web: [pebble.finance](https://pebble.finance)  
Twitter: [twitter.com/pebble\\_finance](https://twitter.com/pebble_finance)  
Facebook: [facebook.com/investwithpebble](https://facebook.com/investwithpebble)  
Instagram: [instagram.com/pebble\\_finance](https://instagram.com/pebble_finance)  
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## **Form ADV Part 2A**

### **Firm Brochure**

February 10, 2024

This firm brochure provides information about the qualifications and business practices of Pebble RIA, LLC. Please contact our Chief Compliance Officer at 203-249-0473 if you have any questions about the content of this firm brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Pebble RIA, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](https://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 323301.

While the firm and its associates may be registered and/or notice-filed within a particular jurisdiction, it does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

**Item 2 - Material Changes**

We have a single material change during the course of 2023. This was lowering and simplifying our fee structure. The aim was to make our product easier to understand and also more cost effective for our clientele.

Our fee structure can be found clearly on our webpage under our “Fee Table” tab as well as our other regulatory documents listed under disclosures.

For reference here our fee structure is currently in the following form:

| Assets Under Management | Monthly Fee | Quarterly Fee |
|-------------------------|-------------|---------------|
| First \$1000            | \$0         | \$0           |
| Above \$1000            | \$10        | \$30          |



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### **Brochure General Information**

Throughout this document, Pebble RIA, LLC shall also be referred to as “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons* and may refer to natural persons and legal entities. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (e.g., internet address, etc.).

The employment and disciplinary history, if any, of an investment advisory firm representative may be obtained by reviewing information available in their Form ADV Part 2B brochure supplement, as well as on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or by contacting the state securities commissioner where the client resides. If a representative is or has been associated as registered representative of a Financial Industry Regulatory Authority (FINRA) member broker/dealer, that representative’s information may also be found at <https://brokercheck.finra.org/>. If a representative is or has been an associated person of a National Futures Association (NFA) member firm, that person’s information may also be found at <https://www.nfa.futures.org/BasicNet>.

Our firm maintains a business continuity and succession plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover upon request.

#### **Item 4 - Advisory Business**

##### ***Description of the Firm***

Pebble RIA, LLC is a Massachusetts domiciled Delaware limited liability company formed in July of 2022. We operate under the trade name Pebble Finance. Our firm is a subsidiary of Pebble Finance, Inc., but we do not have control over, nor are we affiliated with, another financial services industry entity.

M. James Esdaile serves as our Chief Operating Officer and Chief Compliance Officer, and Justin T. Whitehead is Senior Vice President. Both officers have controlling interest in Pebble Finance, Inc., our firm's parent company. Additional information about Messrs. Esdaile and Whitehead are provided in their Form ADV Part 2B brochure supplement that is available from our website.

##### ***Description of Advisory Services***

Interested parties must access our secure online application where they are offered our current firm brochure (Form ADV Part 2A) that describes our advisory firm, its services, fees, etc., as well as any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice. The firm's brochure and its privacy policy statement are available online to our clients/prospective clients in either portable document format (PDF) for their download and/or may be printed on their own local printer. If the prospective client wishes to then engage Pebble Finance for its services, they must first enter into a written, electronically delivered agreement with our firm to initiate the process.

We ask clients to respond to interactive questions we believe important to the design of their customized investment portfolio, including their age, family composition, job status and employment type, investment time horizon, income, net worth, and investment knowledge or risk comfort level, among others. The accuracy of data provided by the client is important to their recommendation; however, we will not be required to verify any information received from the client and Pebble Finance is expressly authorized to rely on said client thereon.

Following responses to a series of online questions, the client receives a recommendation of an investment allocation that are weighted depending on the client's risk tolerance and investment time horizon. The recommendation will be delivered for viewing via our secure web-based, mobile application, and the client may choose to locally save, email, or print a copy for their consideration. The client is asked to provide information which assists our firm in selecting a portfolio that is appropriate for that person comprised of national market securities ("listed securities"), such as stocks or exchange-traded funds (ETFs). Note that Pebble Finance does not take an investor's personal tax situation into consideration when designing portfolios, and clients are encouraged to consult with a professional tax adviser prior to investing. Item 8 provides details about our investment strategy, investment vehicles and their associated risks.

Pebble Finance clients retain discretion over which portfolio model recommendation is implemented for their account. Once the client selects a suggested portfolio allocation, they will proceed through a secure account opening process and the initial portfolio will be established in line with the selected strategy. Pebble Finance systems will monitor the accounts and auto-rebalance the portfolio driven by time (e.g., semiannually, quarterly, etc.), portfolio drift, deposits and withdrawals, and/or if underlying models require modification. While our firm has discretionary trading authority (see Item 16 for an explanation), it does not have the authority to remove funds or securities and may only request the withdrawal of its advisory fees as described in Item 5 of this brochure.

It remains each client's ongoing responsibility to promptly update their information within our system when there is a material change to their situation and/or investment objective for evaluating or revising previous account restrictions or portfolio recommendations.

Account holdings that are not part of our recommended portfolio that the client has previously selected will not be monitored. To more appropriately manage risk and exposure, we suggest (but do not require) that the client liquidates those holdings and invests all proceeds into their selected Pebble Finance strategy. There may be additional fees charged by their custodian to liquidate or transfer those securities. If the client decides to liquidate the securities, the cash from that sale may be invested in the model.

Our firm does not sponsor or serve as a portfolio manager in an investment program involving wrapped (bundled) fees. Because this is the initial year of operation, there are no client reportable assets under management<sup>1</sup> as of the date of this brochure's publication footnoted below.

### ***Retirement Plan Advice and Rollovers***

As a registered investment adviser, our firm is a fiduciary to every client, meaning that we are obligated to act in our clients' best interest at all times. In addition to our fiduciary status as an investment advisory firm, when our firm provides advice to retirement investors, such as advice about an employer-sponsored retirement plan, individual retirement account (IRA) or other qualified retirement plan, we may also be considered by the US Department of Labor and the Internal Revenue Service to be acting as a fiduciary under Title I of Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. These fiduciary obligations include requirements that we disclose our services and fees, conflicts of interest, and the reasons our recommendations are in the client's best interests. After an analysis of the client's situation and their retirement plan documents, our platform will consider relevant factors including but not limited to the following:

- alternatives to rolling the employer plan to an IRA, including leaving the money in an employer's retirement plan (if permitted); rolling the money to a new employer plan if available; or cashing out
- fees and expenses associated with both the employer's plan and the rollover IRA (or other alternatives such as noted above) and whether the employer currently pays for some or all plan expenses
- different levels of services and investments available under the employer plan and the rollover IRA, and other alternatives
- whether the rollover is appropriate in light of any additional costs and the resultant decrease in the client's return
- treatment of withdrawals under each alternative (e.g., penalties up to age 55 vs. 59½ years old)
- protection from creditors and legal judgments (unlimited vs. bankruptcy only; federal- and state-specific)
- required minimum distributions
- tax implications of rolling shares of employer stock, and
- impact of economically significant investment features such as surrender schedules and index annuity cap and participation rates (e.g., an employer-sponsored § 403(b) plan account).

The affected client will be made aware of conflicts of interest including but not limited to whether our firm will profit from a recommendation through financial planning fees, and whether services we offer are already provided by or available through the current plan, potentially at no additional cost.

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<sup>1</sup> The term "assets under management" and rounding per the *General Instructions for Part 2 of Form ADV*.

## **Item 5 - Fees and Compensation**

Fees are paid to Pebble Finance in arrears on a quarterly basis, and the payment frequency is determined by the client when establishing their account. Our per-user fee noted in the table below is a fixed amount and based on account size. We do not prorate the first quarter's fee nor should our fee be considered "negotiable."

| Assets Under Management | Monthly Fee | Quarterly Fee |
|-------------------------|-------------|---------------|
| First \$1000            | \$0         | \$0           |
| Above \$1000            | \$10        | \$30          |

Our firm does not accept cash, checks, debit cards, money orders or similar forms of payment for its engagements. With the client's prior authorization, payment may be made by credit card through a qualified, unaffiliated PCI compliant<sup>2</sup> third-party processor or via withdrawal from their account held at the custodian of record (see Item 12). The client's written authorization is required in order for the custodian to deduct our advisory fee. By signing our firm's agreement, as well as the custodian account opening documents, the client is authorizing the custodian to withdraw both advisory fees and any brokerage transactional fees from the account. The custodian will remit our fees directly to our firm. Fees deducted from the account will be noted on statements that the client receives directly from the custodian.

Either party may terminate the agreement at any time by communicating their intent to terminate in writing via the Pebble Finance platform. Our firm will not be responsible for further advice or transactional services upon receipt of the termination notice. It will also be necessary that our firm inform the custodian that the relationship between our firm and the client has been terminated.

The client has the right to terminate their Pebble Finance relationship without penalty within five business days after entering into the agreement with our firm. We do not require advance payment for our services and no refund is necessary. However, when a client terminates an engagement after the five-business day rescission period, we assess a fee on a prorated basis for services incurred from either (i) as a new client, the date of the engagement to the date of the firm's receipt of termination notice, or (ii) all other engagements, the last billing period to the date of the firm's receipt of written termination notice. If we are unable to deduct our fees from the client's account at the custodian, then our earned fees will be due upon the client's receipt of our invoice. If we must issue an invoice, it will include the total fee assessed, covered time period, calculation formula utilized, and reference to the assets under management in which the fee had been based

Any transactional or service fees (sometimes termed *brokerage fees*), individual retirement account fees, qualified retirement plan fees, account termination fees, or wire transfer fees will be borne by the account holder per the custodian fee schedule. In addition, advisory fees paid to our firm for its services are separate from any internal fees or charges a client may pay for mutual funds, ETFs, exchange-traded notes (ETNs) or similar investments. Additional information about our fees in relationship to our brokerage and operational practices are referenced in Item 12 of this document. Pebble Finance and its personnel do not charge or receive a commission or mark-up on a client's securities transactions, nor do we receive SEC Rule 12b-1 fees ("trails") from a mutual fund company. Our clients retain the right to purchase recommended or similar investments through a service provider (e.g., brokers and agents) of their own choice.

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

<sup>2</sup> We do not retain debit/credit card data. For an explanation of the term "PCI," the PCI Security Standards Council, and comprehensive standards to enhance payment card data security, go to [https://www.pcisecuritystandards.org/security\\_standards/index.php](https://www.pcisecuritystandards.org/security_standards/index.php)

Our firm's advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Our fees will also not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

#### **Item 7 - Types of Clients**

Pebble Finance provides its services to individuals and high net worth individuals, as well as their trusts. We also offer our platform to other investment advisers interested in employing our technology solution for their clients. We do not require minimum income, minimum asset levels or other similar preconditions. Our firm reserves the right to decline services to any prospective client for any nondiscriminatory reason.

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

##### ***Methods of Analysis***

Our platform employs fundamental analysis, evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Research used to develop our technology is drawn from sources such as financial periodicals, research reports from economists and other industry professionals, as well as regulatory filings (i.e., prospectus, etc.).

##### ***Investment Strategies***

Pebble Finance recognizes each client's needs, goals, and tolerance for risk are different; subsequently, strategies and underlying investment vehicles will vary based on the client's portfolio requirements. The following strategies sample the general types that may be suggested. It is common to find a broad range of mutual funds, ETFs, individual listed equities (stocks), including fractional shares of equity securities, as well as options (as an underlying holding).

##### **Passive Investing**

Our primary strategy is based on passive management which involves investing in a portfolio intended to mirror the returns and risk characteristics of a broad-market index (e.g., S&P 500, NASDAQ 100, etc.). With passive strategies, two primary factors for consideration is the strategy's success with replicating benchmark risk and return profiles and the cost associated with employing the strategy. Investors more concerned with excessive fees than excess or risk-managed returns will generally prefer to invest through these types of strategies.

##### **Active Management**

At Pebble Finance we aim to keep investors as close to a passive management style while allowing them some degree of customization. They will be able to have their portfolio reflect their personal context while keeping them closely tracking a broad-based index. By mimicking an index but allowing some active management we aim to combine the best of both worlds: active and passive management.

##### ***Risk of Loss***

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that a planning goal or investment objective will be achieved. Past performance is not necessarily indicative of future results. Investing in securities involves risk of loss that clients should be prepared to bear.



While the following list is not exhaustive, we provide some examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing. Note that some of the referenced risks reflect underlying assets of mutual funds and ETFs.

#### Active Management

A portfolio that employs a range of active management strategy at times may 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, potentially reducing, or negating certain benefits of active asset management.

#### Catastrophic Risk

Natural or man-made catastrophes can disrupt financial markets and impact securities prices. Examples include terrorist attacks, natural disasters, war, etc. Investment companies can use "exigent circumstances" or "force majeure" as a defense against claims of loss by investors.

#### 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.

#### Country/Regional Risk

World events such as political upheaval, financial troubles, or natural disasters will adversely affect the value of securities issued in foreign countries or regions. This risk is especially high in emerging markets where securities may be substantially more volatile and less liquid than securities in more developed countries. Because registered investment company securities (e.g., a mutual fund) may invest a large portion of its assets in securities located in any one country or region, including emerging markets, its performance may be hurt disproportionately by the poor performance of its investments in that area.

#### Currency Risk

The risk of loss from fluctuating foreign exchange rates when a portfolio has exposure to foreign currency or in foreign currency traded investments is known as currency risk.

#### Emerging Markets Securities

Investments in emerging markets securities are considered speculative and subject to heightened risks in addition to the general risks of investing in foreign securities. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid, and economies that are less developed. In addition, the securities markets of emerging market countries may consist of companies with smaller market capitalizations and may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies.

### Equity (Stock) Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.

### Exchange-Traded Funds

ETF risks include risks due to their underlying securities (e.g., stocks, bonds, etc.), and can be affected by risks such as market, currency, credit, political, interest rate, etc., that are described in adjacent paragraphs. The liquidity of the underlying stocks in the index can affect "ETF liquidity." Liquidity risk can result from an insufficient number of "active participants" performing their duties as intermediaries and liquidity providers in the ETF market. "Spread risk" may also occur, which is the difference between the bid and the ask price of a security. Since ETF transactions are priced throughout the day and are traded on the exchanges like stocks, widening spreads may occur and have impact on certain portfolios or transactions. As with any security, if the ETF "fails," the investor may lose their gains and invested principal. ETFs can carry additional expenses based on their share of operating expenses and certain brokerage fees. Indexed ETFs have the potential to be affected by "active risk;" a deviation from its stated index.

Leveraged and/or inverse ETFs attempt to achieve multiples of the performance of an index or benchmark or the opposite (inverse) of the performance of the tracked index or benchmark. This strategy attempts to increase profit from upward drifting markets, or hedge exposures to, downward drifting markets. There is risk involving this strategy and part of the concern is due to leveraged and inverse exchange traded funds "reset" daily, which means they are designed to achieve their stated objectives on a *daily basis*. It is due to the compounding effect of daily adjustments that ETF performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of an underlying index or benchmark during the same period. This effect is potentially magnified during volatile markets. If effects contrary to the ETF strategy occur, losses may be significant; therefore, leveraged and/or inverse ETFs will be considered for portfolios either properly hedged or for clients able to sustain potentially higher risks. Leveraged and inverse ETFs should not be employed in portfolios where a "buy-and-hold" philosophy is important.

### Foreign Securities Risk

Investments in securities of foreign companies, including direct investments as well as investments through American Depositary Receipts (ADRs), can be more volatile than investments in US companies. Diplomatic, political, or economic developments, including nationalization or appropriation, could affect investments in foreign companies. Foreign securities markets generally have less trading volume and less liquidity than US markets. In addition, the value of securities denominated in foreign currencies, and of dividends from these securities, can change significantly when foreign currencies strengthen or weaken relative to the US dollar. Financial statements of foreign issuers are governed by different accounting, auditing, and financial reporting standards than the financial statements of US issuers and may be less transparent and uniform than in the United States. Thus, there may be less information publicly available about foreign issuers than about most US issuers. Transaction costs generally are higher than those in the US and expenses for custodial arrangements of foreign securities may be somewhat greater than typical expenses for custodial arrangements of similar US securities.

Some foreign governments levy withholding taxes against dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non-recovered portion will reduce the income received from the securities comprising an account's portfolio. These risks may be heightened with respect to emerging market countries since political turmoil and rapid changes in economic conditions are more likely to occur in these countries.

#### 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. When a security's price adjusts rapidly to new information, such an analysis may result in unfavorable performance.

#### Inflation Risk

Also called *purchasing power risk*, inflation risk is the chance that the cash flows from an investment will not be worth as much in the future because of changes in purchasing power due to inflation.

#### Legal or Legislative Risk

Legislative changes or court rulings may adversely impact the value of individual investments, market sectors, or the overall market.

#### Liquidity Risk

Liquidity risk is 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. There are times when there is no trading volume/market depth to support a security's current price. As such, the true value of the bond (for example) may not be supported by the current 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.

#### Macroeconomic Risk

Macroeconomic risk derives from the behavior of industries and governments and the relationships between them rather than from individual companies. It concerns fiscal and monetary policies, trade and investment flows and political developments on a national and international scale. Business cycles, depressions, inflation, unemployment, interest rates, valuations, prices, and imports/exports volumes are all unpredictable and can lower or destroy investment portfolios. Central banks and governments often resort to inflationary policies and excessive fiat currency issuance through borrowing and printing. These macroeconomic maneuvers may possibly support or increase the nominal value of investment assets short term but lead to inflation and asset bubbles and later crashes.

#### Market Risk

This is also called systematic risk. In cases where markets are under extreme duress, many securities lose their ability to provide diversification benefits.

#### Money Market Funds

A money market fund is managed to maintain a stable net asset value (NAV) of \$1 per share, the value of the fund may fluctuate, and you could lose money (termed "breaking the buck"). Money market funds are a type of mutual fund investing in high-quality, short-term debt securities, pays dividends that generally

reflect short-term interest rates and seeks to maintain a stable NAV per share (typically \$1). An investment in a money market mutual fund is generally not insured or guaranteed by the Federal Deposit Insurance Corporation, National Credit Union Share Insurance Fund, or any government agency.

### Mutual Funds

As with ETFs, the risk of owning a mutual fund is reflected in the underlying security(ies). Mutual funds are affected by risks such as market, interest rate, currency, credit, political, active risk, etc., as described in adjacent paragraphs. It is important to note that even “conservative” funds, such as a money market fund or fixed income fund, can and have lost their value below the principal amount invested. Mutual funds typically carry additional expenses based on their share of operating expenses and trading (brokerage) fees, which may result in the potential duplication of certain fees paid by the investor. Indexed mutual funds can also be adversely affected by “QDI ratios” that are described in a following paragraph.

There are essentially nine main types of mutual fund shares classes, as well as sub-classes for some of these. Some open and closed-ended funds are sold through brokerage firms and assess a commission (“load”) in addition to their underlying fees earlier noted, while others are offered through investment advisers, retirement plans and other institutions. “No load” funds are also available to the public through brokerage firms, and they usually incur trading (brokerage) fees. If a client chooses to purchase a mutual fund on their own through a broker/dealer, they should consider the trading fees, internal operating costs, as well as potential commissions they pay through that executing firm. Our firm is not a broker/dealer, nor is the firm or its staff associated with a broker/dealer, and no one in our firm is compensated by a “loaded” fund.

### Operational Risk

The potential for loss resulting from inadequate or failed internal processes, systems, actions of people, or external events. Many industries institute policies and procedures to respond and initiate alternative or supporting operations following a significant business disruption, while others do not. The level of operational risk and appropriate response are not uniform in definition, requirement, or measurement, including within the financial services sector.

### Options Risks

Mutual fund managers that may be recommended for a portfolio may choose to use options in support of their investment strategy. The risks involving options trading are detailed in the Chicago Board Options Exchange’s “The Characteristics and Risks of Standardized Options” brochure found at their website at: <http://www.cboe.com>.

### Passive Management

If a portfolio employs a passive, efficient markets approach, there is a risk of generating lower-than-expected returns due to its broad diversification when compared to a portfolio more narrowly focused.

### Political Risk

The risk of financial and market loss because of political decisions or disruptions in a particular country or region and may also be known as “geopolitical risk.”

### Qualified Dividend Income Ratios

While ETFs and 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 that

do not benefit. Shorter holding periods, as well as commodities and currencies (possible underlying holding of an ETF or mutual fund), may be considered “non-qualified” under certain tax code provisions. We will consider a holding’s QDI when tax-efficiency is an important aspect of the client’s portfolio.

#### 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.

#### Sequence of Return Risk

The risk of receiving lower or negative returns due to early withdrawals from an investment account.

#### Settlement Risk

Also called *delivery risk*. The risk that one party will fail to deliver the terms of an investment contract with another party (contra-party) at the time of settlement. Settlement risk can be a risk associated with default, along with any timing differences in a settlement between the two parties.

#### Small- and Mid-Capitalization Company Risk

The small- and mid-capitalization companies in which an account may invest may be more vulnerable to adverse business or economic events than larger, more established companies. Investments in these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets, and financial resources, and may depend upon a relatively small management group. Small- and mid-cap stocks, therefore, may be more volatile than those of larger companies. These securities may be traded over the counter or listed “off-exchange.”

#### Sociopolitical Risk

The risk of instability in a region due to war, terrorism, pandemics, etc., that might affect investment markets.

#### **Item 9 - Disciplinary Information**

Neither the firm, nor its management, have been involved in a material criminal or civil action in a domestic, foreign, or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding.

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

Our firm and its management are not registered, nor has an application pending, to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or as an associated person of such firms. We are not required to be registered with a FINRA or NFA regulated firm, nor do they supervise our firm, its activities, or our associates. Neither Pebble Finance nor its management is or has a material relationship with any of the following types of entities:

- accountant or accounting firm
- another investment adviser, to include financial planning firms, municipal advisers, sub-advisers, or third-party investment managers (nor do we recommend/refer, select, or utilize their services)
- bank, credit union or thrift institution, or their separately identifiable department or division
- insurance company or insurance agency
- lawyer or law firm
- pension consultant
- real estate broker, dealer, or adviser
- sponsor or syndicator of limited partnerships
- trust company, or an
- issuer of a security, such as an investment company or other similar pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, “hedge fund,” and/or offshore fund).

Pebble Finance, Inc., the firm’s parent company, issued shares to interested investors via a series seed preferred stock offering pursuant to Regulation D of the Securities Act of 1933, as amended.<sup>3</sup> At present, the majority shareholders are only firm principal executives. The firm does not solicit its advisory firm clients to invest in its parent company offering.

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

### ***Code of Ethics***

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with applicable laws and regulations but also to act in an ethical and professionally responsible manner in our services and activities. Firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that they remain current, and we require firm personnel to annually attest to their understanding of and adherence to the firm’s Code of Ethics. A copy of the firm’s Code of Ethics is made available to any client or prospective client upon request.

### ***Firm Recommendations and Conflicts of Interest***

Our associates are prohibited from borrowing from or lending to a client unless that client is an approved financial lending institution, such as a bank or broker/dealer.

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a “related person” (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Pebble Finance does not trade for its own account (e.g., proprietary trading). The firm’s related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts, and this poses a conflict of interest. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. In an effort to reduce or eliminate certain conflicts of interest involving personal

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<sup>3</sup> Private placement filings pursuant to Regulation D of the Securities Act can be reviewed on the SEC website <https://www.sec.gov/cgi-bin/srch-edgar>. The “CIK” number for Pebble Finance, Inc. is 1931746.

trading (e.g., trading ahead of client recommendation or transaction, cross-trades, etc.), firm policy may require that we periodically restrict or prohibit related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis.

## **Item 12 - Brokerage Practices**

### ***Factors Used to Select Broker/Dealers for Client Transactions***

Client accounts must be separately maintained by a qualified custodian (generally a broker/dealer, futures commission merchant, national bank, or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a custodian, there is not an affiliate that is a custodian, nor does a custodian supervise our firm, its activities, or our associates. We do not receive referrals from a custodian, nor would client referrals be a factor in our recommendation of a custodian.

We prefer that our clients use the services of Alpaca Securities LLC ("Alpaca"); a FINRA and SIPC member firm.<sup>4</sup> Our firm is independently owned and operated and is not legally affiliated with Alpaca or any other provider we may recommend. While we do not technically open the account for the client, our account opening process and instructions offered via our application assist the client in doing so.

Alpaca and its operational relationships<sup>5</sup> offer independent investment advisers various services which include custody of client assets, trade execution, clearance, and settlement, etc. Our firm may receive other benefits from our preferred custodian through participation in their independent adviser support program. These benefits may include the following products and services provided at cost to our firm, and some without cost or at a discount:<sup>6</sup>

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to trading desks serving our clients
- access to block trading services
- the ability to have advisory fees deducted directly from a client's accounts (per written agreement)
- resource information related to capital markets and various investments
- access to electronic communications networks for client order entry and account information
- access to mutual funds with no transaction fees
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers

Some of the noted tools and services made available by our custodian benefit our advisory firm but not directly benefit each client's account. Our firm and Alpaca do not think these services are considered "soft dollars" under Section 28(e) of the Securities Exchange Act of 1934. While not all these services provided to our firm are assessed a fee to us by our custodian, those that are not part of our custodian's fee benefit our firm because we do not have to produce or purchase them as long as clients maintain assets or execute

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<sup>4</sup> Our firm is not, nor required to be, a Securities Investor Protection Corporation (SIPC) member. Interested parties may learn more about the SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

<sup>5</sup> Alpaca may introduce omnibus ("block") trades to Vision Financial Markets LLC and/or Velox Clearing LLC but will remain custodian of client funds.

<sup>6</sup> We are assessed a lower fee from our primary custodian if we pay an annual fee versus monthly, etc., a direct benefit to our firm based on scale, leverage, etc.

trades via the custodian. A conflict of interest exists since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than our clients' interests in receiving favorable trade execution. It is important to mention that the benefit received by our firm through participation in any provider's program does not depend on the amount of brokerage transactions directed to that custodian. Our selection of custodian is primarily supported by the scope, quality, and cost of services provided as a whole, not just those services that only benefit our firm. Further, we will act in the best interest of our clients regardless of the custodian we may select. Our firm conducts periodic assessments of any recommended service provider which generally involves a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

### ***Best Execution***

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the paragraph titled *Factors Used to Select Broker/Dealers for Client Transactions*. Our firm recognizes its obligation in seeking best execution for clients; however, it is believed that the determinative factor is not always the lowest possible cost but whether transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate into the lowest possible rate for each transaction. Our firm has determined having clients' trades completed through the noted custodians are consistent with our obligation in seeking best execution. A review is regularly conducted by our firm regarding recommendations of custodians in light of our duty involving best execution.

While our firm has access to a broad range of securities through our custodian, it is a finite number. In addition, not all investment managers, share classes, etc., are represented at each custodian. Due to these normal and customary limitations, not all portfolio holdings will be readily available, least expensive, best performing, etc. It is an unrealistic expectation for an investor to maintain a premise otherwise.

### ***Directed Brokerage***

Not all investment advisers require their clients to direct brokerage, nor do we think our operational relationship with our custodian is defined as "directed brokerage" per common industry practices. While our internal policy and operational relationship with our custodian necessitate client accounts custodied with them to have trades executed per their order routing requirements, we do not direct our custodian as to which executing broker should be selected for our clients' trades, whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result of our custodian's own trade execution policies, however, a client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case.

Since we routinely recommend a particular custodian to our clients, and that custodian may choose to use the execution services of its broker affiliate for some or all account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services earlier described. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on an account's cash balance.

Client accounts maintained at our custodian under our account master are unable to direct brokerage. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.



For accounts maintained at a custodian of the client's choice (e.g., held-away accounts), the client may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances, the client will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving their account with that broker, and whether the selected broker is affiliated with their custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we will be unable to aggregate transactions for execution via our custodian with other orders for accounts managed by our firm. As a result, the client may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

### ***Aggregating Securities Transactions***

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed "blocked" or "batched" orders. Aggregated orders are effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated, to aggregate orders via its custodian. We do not receive additional compensation or remuneration as a result of aggregated transactions.

Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* Note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

### **Item 13 - Review of Accounts**

Our firm's advice is rendered through its online delivery solution and is designed to be operated by the user (client) themselves. Clients have unlimited access and frequency to employ systems' functionality and can review their account, portfolio allocation, etc., and update it as necessary. Our client services staff are available to assist clients via telephone, email, or online chat about platform technical issues they may experience, but they do not provide trading advice or enter trading orders.

Non-periodic reviews may occur via our systems when they are triggered by material market, economic or political events, or by changes in client's financial situations. Clients should consider revisiting previously entered data to update their information if a material event has occurred.

Clients will receive electronic account statements prepared by the custodian of record on at least a quarterly basis. Pebble Finance does not create an account statement for an advisory client, and we urge clients to carefully review statements they receive from the custodian of record for accuracy and clarity.

Pebble Finance advice is rendered through its online technology and is set up to be run by the client. Performance reports are available for the client when they access the firm's services platform, and clients have unlimited access to the system as long as their account remains open with our advisory firm. This access also provides the client the ability to generate various reports to gauge their account progress. Pebble Finance online performance reports are calculated using both time-weighted and money-weighted methodologies that are programmed into portfolio administration systems that are periodically back-tested

by supervisory staff and/or qualified third parties to ensure accuracy. We do not validate performance reports created by systems external to ours and cannot attest as to whether other reports are calculated on a uniform and consistent basis. Our reporting system compounds daily portfolio-level returns from the period the account had been originally funded until the present time. Reports are intended to inform clients about investment performance on both an absolute basis and as compared to a well-known benchmark. We believe these are appropriate methods to evaluate portfolio performance since not all are sensitive to the contributions or withdrawals the client makes to their account. Clients are urged to carefully review and compare account statements that they have received prepared by their custodian of record with any performance report received from our advisory firm.

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

We do not engage in solicitation activities. If we receive or offer an introduction to a client, we do not pay or earn a referral fee, nor are there established *quid pro quo* arrangements. Each client has the right to accept or deny such referral or subsequent services.

#### **Item 15 - Custody**

Pebble Finance does not take physical custody of a client account. Our clients' accounts must be maintained by an unaffiliated, qualified custodian. Accounts are not to be maintained by our firm or any associate of our firm. In keeping with this policy involving our clients' funds or securities, our firm:

- restricts the firm or an associate from serving as trustee or having general power of attorney over a client account
- does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm
- prohibits the firm or an associate to have the client's bank or investment account access information (i.e., passwords and user identification)
- does not allow the use of standing letters of authority (SLOAs) unless the:
  - client provides written instruction to their qualified custodian that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed
  - client authorizes the firm in writing on their qualified custodian's form any power to direct transfers to the third party either on a specified schedule or from time to time
  - client's qualified custodian performs appropriate verification of the client's instructions, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer
  - client has the ability to terminate or change the instruction to the client's qualified custodian
  - firm has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction
  - third party is not a related party to our firm and is located at a different address as the firm
  - client's qualified custodian sends the client a written initial notice confirming the instruction, and
  - client is annually provided notice reconfirming their instructions.
- will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future, and
- prohibits associates from having authority to directly withdraw securities or cash assets from a client account. Although we may be deemed to have limited (aka. constructive) custody of an account since we

may request the withdrawal of advisory fees from an account, we will do so only on the following terms as described in Item 5 and reemphasized below:

- our firm will possess written authorization from the client to deduct advisory fees from an account held by the custodian,
- we will send the qualified custodian written notice of the amount of the fee to be deducted from the client's account, and
- the client receives a statement directly the account custodian of record.

The custodian will provide each account holder with their investment account transaction confirmations and account statements, which will include debits and credits as well as our firm's advisory fee for that period. Statements are provided on at least a quarterly basis or as transactions occur within their account. Our firm will not create an account statement for a client or serve as the sole recipient of a client's account statement.

As a reminder, if an account holder receives a report from any source (including our firm) that includes investment performance information, they are urged to carefully review and compare their statements that have been received from the custodian of record to determine that report's accuracy.

#### **Item 16 - Investment Discretion**

Pebble Finance's platform is designed to enhance the client's portfolio and simplify their lives regarding investing and trading. To do this, we prefer that accounts are established under a discretionary trading agreement. Via limited power of attorney signed by the client, discretionary authority allows our firm to determine the securities to be bought or sold for a client's account and the amount of securities to be bought or sold for a client's account, including periodic rebalancing, without requiring the client's prior authorization for each transaction in order to meet stated investment objectives. This authority will be granted through the client's execution of both our engagement agreement and the custodian's account documents. Note that the custodian specifically limits our firm's authority within an account to the placement of trade orders and the request for the deduction of our advisory fees.

All other transactions would need to be conducted by the client on a "self-directed" basis (on their own) through our platform. We do not assist with self-directed trades. Clients must enter and submit desired buy or sell orders for execution by the custodian using our application. In addition, self-directed accounts are unable to be aggregated (see Item 12) and therefore may be assessed higher trading fees or receive less favorable prices than those accounts where trade aggregation (block or omnibus trades) had occurred.

#### **Item 17 - Voting Client Securities**

Clients may periodically receive proxies or similar solicitations sent directly from their account custodian. If we receive a duplicate copy, please note that we do not forward these or any correspondence relating to the voting of securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on a client's behalf; nor do we offer specific guidance on how to vote proxies. We will not offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise, or monitor class action or other litigation involving client assets. However, we will answer limited questions via our client services staff with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or its legal representative.

Clients maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that they beneficially own shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to their holdings. Clients should consider contacting the issuer or their legal counsel involving specific questions they may have with respect to a particular proxy solicitation or corporate action.

#### **Item 18 - Financial Information**

Our advisory firm will not take physical custody of client assets, nor do we have the type of account authority to have such control. Fee withdrawals must be done through a qualified intermediary (e.g., custodian of record), per prior written agreement with the client.

Engagements with our firm do not require that we collect fees from a client of \$1,200 or more for our advisory services that we have agreed to perform six months or more into the future.

Refer to Item 10 of this firm brochure involving the firm's parent company Regulation D private offering. Neither our firm nor its management serve as a trustee for a trust in which the firm's advisory clients are beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.