

## Item 1: Cover Page

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# **Purkiss Capital Advisors, LLC FORM ADV PART 2A FIRM BROCHURE**

62 Barry Avenue  
Ridgefield, CT 06877  
(203) 431-5862  
[www.pcapadvisors.com](http://www.pcapadvisors.com)

**March 2020**

This brochure provides clients with information about the qualifications and business practices of Purkiss Capital Advisors, LLC an investment adviser registered with the U.S. Securities and Exchange Commission. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration does not imply that Purkiss Capital Advisors, LLC or any individual providing investment advisory services on behalf of Purkiss Capital Advisors, LLC possess a certain level of skill or training.

Please contact Purkiss Capital Advisors, LLC at (203) 431-5862 or [allen@pcapadvisors.com](mailto:allen@pcapadvisors.com) if you have any questions about the contents of this brochure. Additional information about Purkiss Capital Advisors, LLC and its associated persons is available on the Internet at <https://www.adviserinfo.sec.gov/Firm/124324>.

## **Item 2: Material Changes**

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In this Item of Purkiss Capital Advisors, LLC (Purkiss Capital or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment dated March 11, 2019.

Since the last Annual Amendment filing, the Firm has no material changes to report.

Purkiss Capital Advisors, LLC's Form ADV may be requested at any time, without charge by contacting R. Allen Purkiss at (203) 431 5862 or [allen@pcapadvisors.com](mailto:allen@pcapadvisors.com).

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## Item 4: Advisory Business

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Purkiss Capital Advisors, LLC is a Connecticut limited liability company that was founded in March 2003 and has been registered as an investment adviser since September 2003. From September 2001 to March 2003, Purkiss Capital Advisors, LLC operated under the entity Purkiss Capital Advisors, Inc. Throughout this disclosure brochure, Purkiss Capital Advisors, LLC is referred to as Purkiss Capital or the Firm.

The principal owner of Purkiss Capital is R. Allen Purkiss.

### **Advisory Services**

Purkiss Capital is an investment adviser providing financial planning, consulting, and investment management services.

### **Investment Management Services**

Clients can engage Purkiss Capital to manage all or a portion of their assets on a discretionary basis. Purkiss Capital primarily allocates clients' investment management assets among mutual funds, exchange traded funds (ETFs), and individual debt and equity securities in accordance with the investment objectives of the client. Purkiss Capital also provides advice about any type of investment held in clients' portfolios.

Purkiss Capital tailors its advisory services to the individual needs of clients. Purkiss Capital ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Purkiss Capital if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Purkiss Capital's management services.

### **Financial Planning Services**

Financial planning will be offered as a component of the overall investment advisory services and will include a review a client's current financial situation. A review may include the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning. Purkiss Capital does not charge a separate fee for financial planning services.

### **Account Aggregation Services**

Purkiss Capital also offers account aggregation services through a third-party vendor (Black Diamond). These account aggregation services allow Purkiss Capital to have access to the information in accounts that are not managed by Purkiss Capital on the Fidelity platform ("Outside Accounts"). The benefit of this service is that it allows Purkiss Capital to provide recommendations on a client's portfolio based on the totality of the client's investments (i.e., not just based on those accounts managed by Purkiss Capital at Fidelity). It also allows Purkiss Capital to provide clients with portfolio management and performance reporting for all of the client's accounts.

Under no circumstances, however, will Purkiss Capital have discretionary or non-discretionary management over the assets in the Outside Accounts as this service is for information and reporting purposes only.

### **Consulting Services**

Purkiss Capital offers consulting services to clients which will include a review of their individual or household portfolio. This service will consist of a written report containing analysis and observations regarding the current status of the client's portfolio. The scope of any investment advice will be limited to this single review and not as part of any ongoing relationship. The client will sign an agreement for this service. Should the individual or household become client of Purkiss Capital in accordance with the Investment Management Agreement, any fees associated with this service will be waived.

### **Client Tailored Services and Client Imposed Restrictions**

As detailed above, Purkiss Capital tailors its advisory services to the individual needs of clients. Purkiss Capital ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Generally, clients are permitted to impose reasonable restrictions on investing in certain securities or types of securities in their advisory accounts, provided, however, that some restrictions may not be accommodated when utilizing Exchange Traded Funds or mutual funds. In addition, a restriction request may not be honored if it is fundamentally inconsistent with Purkiss Capital's investment philosophy, runs counter to the client's stated investment objectives, or would prevent Purkiss Capital from properly servicing client accounts.

### **Fiduciary Statement**

Purkiss Capital and our employees are fiduciaries who must take into consideration the best interests of its clients. Purkiss Capital will act with competence, dignity, integrity, and in an ethical manner, when dealing with clients. Purkiss Capital will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting the Firm's services, and engaging in other professional activities.

As a fiduciary, Purkiss Capital has the obligation to deal fairly with clients. Purkiss Capital has the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;

- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

**Wrap Fee Programs**

Under a wrap fee program, advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and transaction services (*e.g.*, execution of trades) are provided for one fee. This is different from traditional investment management programs whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis.

Purkiss Capital does not provide portfolio management services to a wrap fee program(s).

**Assets Under Management**

As of January 28, 2020 Purkiss, Capital had \$359,468,786 in assets under management; all assets are managed on a discretionary basis.

## Item 5: Fees and Compensation

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

### **Compensation - Advisory Services**

#### **Investment Management Services Fees**

In the event the client determines to engage Purkiss Capital to provide investment management services, Purkiss Capital does so on a fee basis. Purkiss Capital charges an annual fee based upon a percentage of a daily average value of the assets under management for each quarter. Purkiss Capital's annual fee is exclusive of, and in addition to brokerage commissions, transactions fees, and other related costs and expenses which are incurred by the client. However, Purkiss Capital does not receive any portion of these commissions, fees, and costs. Purkiss Capital's annual fee is prorated and charged quarterly in arrears. The annual fee varies depending upon the market value of the assets under management of the client as follows:

<u>Portfolio Value</u>	<u>Base Fee</u>
Up to \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.80%
\$5,000,001 - \$10,000,000	0.65%
Greater than \$10,000,000	0.50%

Purkiss Capital, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

#### **Financial Planning Services Fees**

As noted in Item 4, Purkiss Capital does not typically charge a separate fee for financial planning services.

However, in limited circumstances, Purkiss Capital may provide services on an hourly basis. Hourly fees will be billed at \$200/hour. Fees are payable in arrears.

#### **Account Aggregation Services Fees**

The maximum fee for account aggregation services is .25% of the assets in the Outside Accounts (i.e., those accounts not managed by Purkiss Capital on the Fidelity platform). The fee for account aggregation services will be deducted directly from one of the client's discretionary accounts managed by Purkiss Capital. Fees are billed quarterly in arrears.

#### **Consulting Services**

Consulting fees for the review of a client's individual or household portfolio will be \$800 as indicated in the consulting agreement. As noted in Item 4, should the individual or household

become client of Purkiss Capital in accordance with the Investment Management Agreement, any fees associated with this service will be waived. All fees are payable in arrears.

### **Payment Method**

Purkiss Capital's investment advisory agreement and the separate agreement with any Financial Institutions may authorize Purkiss Capital to debit the client's account for Purkiss Capital's fee and to directly remit that management fee to Purkiss Capital. Any Financial Institution recommended by Purkiss Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Purkiss Capital.

### **Additional Fee Information and Expenses**

#### **Fees Negotiable**

Purkiss Capital retains the right to modify fees, in its sole and absolute discretion, on a client- by-client basis. Factors considered include the complexity and nature of the advisory services provided, anticipated amount of assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, and account composition.

#### **Mutual Fund Fees and Exchange Traded Funds (ETFs)**

Client accounts may hold the shares of registered investment companies (e.g., mutual funds and ETFs). All fees paid to Purkiss Capital for investment advisory services are separate and distinct from the fees and expenses charged by these investment companies to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay a deferred sales charge.

#### **Miscellaneous Expenses**

Purkiss Capital's investment advisory fee with respect to each client account also does not include certain other charges and expenses, including (a) brokerage charges, which are paid on a transactional basis for the account, (b) dealer mark-ups or mark-downs on securities purchased or sold for an account through third party dealers and (c) taxes.

#### **Professional Fees**

Fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Accordingly, the fees of any additional professionals engaged by a client will be billed directly by such professional(s).

### **Termination and Refunds**

A client has the right to terminate the investment management agreement without penalty within five (5) business days after entering into such agreement. In addition, an investment management agreement may be terminated at any time, by either party, for any reason upon prior written notice to the other party. If an account is terminated during a calendar quarter, fees will be adjusted *pro rata* based upon the number of calendar days in the calendar quarter that the



investment management agreement was effective.

Purkiss Capital's fees shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate.

#### **Additional Compensation**

Purkiss Capital and its associates are engaged for **fee-only services**. Purkiss Capital does not accept commissions or compensation from any other source (e.g., mutual funds, insurance products or any other investment product) and does not charge a mark-up on clients' securities transactions.

#### **Additions and Withdrawals to Accounts**

Additions may be in cash or securities provided that Purkiss Capital reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Purkiss Capital may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Clients may make additions to and withdrawals from accounts at any time, subject to Purkiss Capital's right to terminate an account. Clients may withdraw account assets on notice to Purkiss Capital, subject to the usual and customary securities settlement procedures. However, Purkiss Capital designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

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

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Purkiss Capital's investment advisory fees are not based on a share of the capital gains or capital appreciation (i.e., growth in value) of the funds in a client's account (a/k/a "performance-based fees").

Side-by-side management refers to an adviser simultaneously managing accounts that do pay performance-based fees and those that do not; this can create potential conflicts of interest. Purkiss Capital does not engage in side-by-side management.

## Item 7: Types of Clients

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### **Types of Clients**

Purkiss Capital provides its services to individuals, including high net worth individuals. The firm may also provide services to pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Account Minimums**

There is no minimum account size requirement for opening or maintaining an account with Purkiss Capital.

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

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### **Methods of Analysis and Investment Strategies**

Purkiss Capital's primary method of analysis is a fundamental approach.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. Purkiss Capital will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Purkiss Capital focuses on absolute returns over relative returns, while considering the appropriate risk level for each client. When measuring risk for clients, Purkiss Capital considers many factors including age, income need, number of dependents, investment experience, future plans, and health.

Furthermore, Purkiss Capital regularly monitors client accounts to ensure the asset allocation matches the goals of the client. Such allocation is generally a mix of stocks (mutual funds) and bonds. The allocation mix is periodically adjusted to reflect changes in either the market conditions or the client situations.

Purkiss Capital selects mutual funds based on several factors, particularly those relevant to the reputation of the mutual fund manager. Purkiss Capital considers the experience and track record of the manager, quality of client communication, the manager's personal exposure to the fund, fund compensation scheme, and costs. Generally, Purkiss Capital prefers to invest in those funds where the manager is focused on absolute returns rather than surpassing the index. In addition, Purkiss Capital prefers a manager who has his/her interests aligned with those of Purkiss Capital's clients and who is personally involved in the management process. In addition to mutual funds, Purkiss Capital also invests client assets in ETFs using a similar strategy.

### **Risks Associated with Investment Strategies and Methods of Analysis**

All investment analysis requires subjective assessments and decision-making by experienced investment professionals, however, there is always the risk of an error in judgment. Purkiss Capital investment analysis methods rely on the assumption that Purkiss Capital is provided accurate and unbiased data. While Purkiss Capital is alert to indications that data may be incorrect, there is always the risk that the firm's analysis may be compromised by inaccurate or misleading information.

Investing in securities involves risk of loss that each client should be prepared to bear. The value of a client's investment may be affected by one or more of the following risks, any of which could cause a client's portfolio return, the price of the portfolio's shares or the portfolio's yield to fluctuate:

- *Market Risk.* The value of portfolio assets will fluctuate as the stock or bond market fluctuates. The value of investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.
- *Management Risk.* A client's portfolio is subject to management risk because it is actively managed by Purkiss Capital. Purkiss Capital will apply its investment techniques and risk analysis in making investment decisions for a client's portfolio, but there is no guarantee that these techniques and Purkiss Capital's judgment will produce the intended results.
- *Interest Rate Risk.* Changes in interest rates will affect the value of a portfolio's investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tend to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.
- *Allocation Risk.* The allocation of investments among different asset classes may have a significant effect on portfolio value when one of these asset classes is performing more poorly than the others. As investments will be periodically reallocated, there will be transaction costs which may be, over time, significant. In addition, there is a risk that certain asset allocation decisions may not achieve the desired results and, as a result, a client's portfolio may incur significant losses.
- *Foreign (Non-U.S.) Risk.* A portfolio's investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, and regulatory or other factors.
- *Emerging Markets Risk.* Securities of companies in emerging markets may be more volatile than those of companies in developed markets. By definition, markets, economies and government institutions are generally less developed in emerging market countries. Investment in securities of companies in emerging markets may entail special risks relating to the potential for social instability and the risks of expropriation, nationalization or confiscation. Investors may also face the imposition of restrictions on foreign investment or the repatriation of capital and a lack of hedging instruments.
- *Currency Risk.* Fluctuations in currency exchange rates may negatively affect the value of a portfolio's investments or reduce its returns.
- *Capitalization Risk.* Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.
- *Issuer Specific Risk.* The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including, but not limited to, management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.
- *Legal or Legislative Risk.* Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.

## **Risks Associated with Specific Securities Utilized**

### **Common Stocks**

The major risks associated with investing in common stocks relate to the issuer's capitalization, quality of the issuer's management, quality and cost of the issuer's services, the issuer's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk and the issuer's ability to create shareholder value (i.e., increase the value of the company's stock price).

### **Fixed-Income Securities**

Different forms of fixed-income instruments, such as bonds, money market funds, and certificates of deposit may be affected by various forms of risk, including:

- *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 securities are generally liquid (e.g., corporate 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 the risk of not being able to purchase a particular issue at the desired price.
- *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.
- *Reinvestment Risk.* With declining interest rates, investors may have to reinvest income or principal at a lower rate.
- *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.

### **Exchange Traded Funds (ETFs)**

An ETF holds a portfolio of securities designed to track a particular market segment or index. Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV.

ETFs are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that when shares are sold, they may be worth more or less than their original cost. ETF shares are bought and sold at market price (not Net Asset Value) and are not individually redeemed from the fund. There is also the risk that a manager may deviate from the

stated investment mandate or strategy of the ETF which could make the holdings less suitable for a client's portfolio. ETFs may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. In addition, while many ETFs are known for their potential tax efficiency and higher "qualified dividend income" (QDI) percentages, there are assets classes within these ETFs or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies that may be part of an ETF's portfolio, may be considered "non-qualified" under certain tax code provisions.

There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### **Mutual Funds - Equity Funds**

The major risks associated with investing in equity mutual funds is similar to the risks associated with investing directly in equity securities, including market risk, which is the risk that investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Other risks include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification and the type and amount of sector diversification within specific industries. In addition, there is the risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund which could make the holdings less suitable for a client's portfolio. Also, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold their shares in the fund. Mutual funds may also carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees.

### **Mutual Funds - Fixed-Income Funds**

In addition to the risks associated with investing in equity mutual funds, fixed-income mutual funds also have the same risks as set forth under "Fixed-Income Securities" listed above.

### **Mutual Funds - Index Funds**

Index Funds have the potential to be affected by "tracking error risk" which means a deviation from a stated benchmark index. Since the core of a portfolio may attempt to closely replicate a benchmark, the source of the tracking error (deviation) may come from a "sample index" that may not closely align the benchmark. In addition, while many index mutual funds are known for their potential tax efficiency and higher "qualified dividend income" (QDI) percentages, there are assets classes within these funds or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies that may be part of a fund's portfolio, may be considered "non-qualified" under certain tax code provisions.

*There may be other circumstances not described here that could adversely affect a client's investment and prevent their portfolio from reaching its objective. Allen Purkiss remains available*

*to address any questions that a client or prospective client may have regarding the above risks.*



## Item 9: Disciplinary Information

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Purkiss Capital is required to disclose any legal or disciplinary events that are material to a client's or a prospective client's evaluation of the firm's advisory business or the integrity of Purkiss Capital's management. Neither Purkiss Capital nor any member of its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization preceding that would reflect poorly upon Purkiss Capital's advisory business or the integrity of the firm.

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

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### **Broker-Dealer Registration and Registered Representatives**

Purkiss Capital is not registered, nor does it have an application pending to register, as a broker-dealer. No management person is registered, nor does any management person have an application pending to register, as a registered representative of a broker-dealer.

### **Futures and Commodity Registration**

Purkiss Capital is not registered, nor does it have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor. No management person is registered, nor does any management person have an application pending to register, as an associated person of a futures commission merchant, commodity pool operator or a commodity trading advisor.

### **Financial Industry Affiliations**

Purkiss Capital does not have any financial industry affiliations to disclose.

### **Selection of Other Advisers**

Purkiss Capital does not select other investment advisors for its clients.

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

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### Code of Ethics

Purkiss Capital has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities law (“Code of Ethics”). Purkiss Capital’s Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Purkiss Capital or any of its employees. The Code’s key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Pre-approval of certain investments such as initial public offerings and limited offerings.
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Purkiss Capital’s employees acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination. Clients and prospective clients may contact Purkiss Capital to request a copy of the Code of Ethics.

Purkiss Capital and persons associated with Purkiss Capital (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Purkiss Capital’s policies and procedures.

When Purkiss Capital is engaging in or considering a transaction in any security on behalf of a client, no employee may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living the same household as the employee) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the employee is completed as part of a batch trade (as defined below in Item 12 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; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by employees to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Neither Purkiss Capital nor its employees recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

It is Purkiss Capital's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts.

## Item 12: Brokerage Practices

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### **Research and Other Soft Dollar Benefits**

Purkiss Capital does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in Software and Support by Financial Institutions.

### **Brokerage for Client Referrals**

Purkiss Capital does not receive client referrals from broker/dealers.

### **Brokerage Selection**

As discussed above, in Item 5, Purkiss Capital shall generally recommend that clients utilize the brokerage and clearing services of Fidelity.

Factors which Purkiss Capital considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables Purkiss Capital to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Purkiss Capital's clients comply with Purkiss Capital'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 Purkiss Capital determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking the 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. Purkiss Capital seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other Financial Institutions with whom Purkiss Capital and the Financial Institutions have entered into agreements for prime brokerage clearing services. Purkiss Capital periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

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 Purkiss Capital in its investment decision-making process. Such research generally will be used to service all of Purkiss Capital'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 Purkiss Capital does not have to produce or pay for the products or services.

**Directed Brokerage**

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

**Software and Support by Financial Institutions**

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

Additionally, Purkiss Capital may receive the following benefits from Fidelity through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its respective participants; 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.

**Trade Aggregation and Allocation**

Transactions for each client generally will be effected independently, unless Purkiss Capital decides to purchase or sell the same securities for several clients at approximately the same time. Purkiss Capital 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 Purkiss Capital’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 Purkiss Capital’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Purkiss Capital determines to aggregate client orders for the purchase or sale of securities, including securities in which Purkiss Capital’s Supervised Persons may invest, Purkiss Capital shall generally do 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. Purkiss Capital shall not receive any additional compensation or remuneration as a result of the aggregation.

In the event that Purkiss Capital 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 minimus allocation in one or more accounts, Purkiss Capital may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining account; 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**

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### **Periodic Reviews**

For those clients to whom Purkiss Capital provides investment management services, Purkiss Capital monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Purkiss Capital provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis.

Reviews are conducted by R. Allen Purkiss, Managing Member and Chief Compliance Officer and by Thomas P. Snayd, Senior Advisor. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Purkiss Capital and to keep Purkiss Capital informed of any changes thereto. Purkiss Capital shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

### **Other Reviews**

More frequent reviews may be triggered by material changes in variables such as a client's individual circumstances, or the market, political or economic environment.

### **Reports**

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Purkiss Capital provides investment advisory services will also receive a report from Purkiss Capital that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis.

Those clients to whom Purkiss Capital provides financial planning services will receive reports from Purkiss Capital as requested by clients or as otherwise agreed to in writing by Purkiss Capital.



## Item 14: Client Referrals and Other Compensation

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### **Client Referrals**

Neither Purkiss Capital nor any related person directly or indirectly compensates any person for client referrals.

### **Economic Benefits**

Purkiss Capital does not receive any economic benefits such as sales awards or other prizes from any non-client for providing investment advisory services to the firm's clients.

## Item 15: Custody

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Purkiss Capital's Agreement and/or the separate agreement with any Financial Institution may authorize Purkiss Capital through such Financial Institution to debit the client's account for the amount of Purkiss Capital's fee and to directly remit that management fee to Purkiss Capital in accordance with applicable custody rules.

Clients may provide Purkiss Capital with written ongoing authorization to wire money between the client's accounts held with the qualified custodian directly to an outside financial institution (i.e. a client's bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client's name and account number(s) at the outside financial institution(s) as required.

Clients may also provide Purkiss Capital with a standing letter of authorization (or similar asset transfer authorization) which allows the Firm to disburse funds on behalf of clients to third parties. Purkiss Capital ensures the following conditions are in place when deemed to have custody via third party money movement:

1. The client provides a Written Authorization to the custodian that includes all appropriate information as to how the transfer should be directed;
2. The Written Authorization includes instruction to direct transfers to the third party
3. either on a specified schedule or from time to time;
4. Appropriate verification is performed by the custodian, along with a transfer of funds notice to the client promptly after each transfer;
5. The client may terminate or change the instruction to the custodian;
6. The Firm has no authority or ability to designate or change any information about the third party contained in the instruction;
7. The Firm maintains records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and
8. The custodian sends the client a written initial notice confirming the instruction and an annual written confirmation thereafter.

The Financial Institutions recommended by Purkiss Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Purkiss Capital. In addition, as discussed in Item 13, Purkiss Capital also sends periodic supplemental reports to those clients receiving investment advisory services. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Purkiss Capital.

## Item 16: Investment Discretion

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

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

Additionally, Purkiss Capital may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Purkiss Capital in writing.

## Item 17: Voting Client Securities

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### **Proxy Voting**

Purkiss Capital does not vote proxies on behalf of its clients. Therefore, although Purkiss Capital may provide discretionary investment advisory services relative to client investment assets, it is the client that maintains exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. Purkiss Capital and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients may contact Purkiss Capital directly if they have questions regarding a particular solicitation.

### **Legal Proceedings**

Although Purkiss Capital may have discretion over client accounts, Purkiss Capital will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

## Item 18: Financial Information

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### **Prepayment of Fees**

Because Purkiss Capital does not require or accept prepayment of more than \$1,200 in fees six months or more in advance, Purkiss Capital is not required to include a balance sheet with this firm brochure.

### **Financial Condition**

Purkiss Capital does not have any financial condition that would impair the firm's ability to meet contractual and fiduciary commitments to its clients.

### **Bankruptcy**

Purkiss Capital has never been the subject of a bankruptcy petition.