

# **Blue Marble Investments, LLC**

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## **Form ADV, Part 2A Brochure**

August 13, 2015

This brochure provides information about the qualifications and business practices of Blue Marble Investments, LLC. If you have any questions about the contents of this brochure, please contact us at 805.595.1820. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Blue Marble Investments, LLC or any person associated with Blue Marble Investments, LLC has achieved a certain level of skill or training.

Additional information about Blue Marble Investments, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES

Revised August 13, 2015

The purpose of this page is to inform you of material changes since the last annual update to this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

Blue Marble Investments, LLC (“Blue Marble”) reviews and updates our brochure at least annually to confirm that it remains current. Below is a summary of the material changes Blue Marble made since the last annual update to the brochure.

Material changes from Blue Marble’s brochure dated March 31, 2015:

### ***Item 5 – Fees and Compensation***

The fee schedule for accounts managed according to the EarthFolio® portfolio series has changed to a flat annual fee rate of 0.50% of assets under management.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

Blue Marble Investments, LLC (“Blue Marble,” “we,” “our,” or “us”) is a privately owned limited liability company headquartered in San Luis Obispo, California. Blue Marble is registered as an investment adviser with the State of California.

Blue Marble is a socially active investment firm that offers managed portfolios that promote social progress and environmental sustainability. Blue Marble registered as an independent investment adviser in 2006. From 2000 to 2006, Blue Marble’s manager provided socially responsible investment advice through another registered investment advisory firm. Arturo Tabuenca is Blue Marble’s Managing Member and principal owner.

### Advisory Services Offered

#### EarthFolio® Accounts

In 2007, Blue Marble launched the EarthFolio® portfolio series. EarthFolio® is a collection of online professionally managed model portfolios that feature “socially responsible” mutual funds. EarthFolio® is offered through a wrap fee program. The EarthFolio® model portfolios are designed to diversify the client’s assets and are available in a range of asset allocation strategies to address various investment objectives.

Prior to opening an account, a client will complete a questionnaire on the website, which once completed will suggest the most appropriate model based on the answers provided by the client that pertained to the client’s investment objectives, risk tolerance, and investment time horizon. If the client decides to open an account with Blue Marble, the client will complete an application and receive new account forms online, including an investment advisory agreement and Blue Marble’s Form ADV Part 2 brochure.

#### Other Client Relationships

Before Blue Marble registered as an investment adviser, Blue Marble’s manager Arturo Tabuenca provided investment advice to clients through Commonwealth Financial Network (“CFN”), a registered investment adviser. On October 31, 2006, Arturo Tabuenca terminated his working relationship with CFN and transferred these clients’ accounts to Blue Marble. These accounts are now custodied at TD Ameritrade, Inc., an unaffiliated broker-dealer member of FINRA/SIPC, and are managed by Blue Marble according to each client’s individual investment objectives and in the same style and same manner as they were managed at CFN. The management of these accounts may differ in part in terms of the asset allocation, security selection, and timing of transactions from the management of Blue Marble’s EarthFolio® accounts that are managed according to the four portfolio styles listed above. Blue Marble also accepts new clients that want a more customized portfolio and do not want an EarthFolio® account.

In these accounts, we primarily invest in mutual funds and ETFs, but may also utilize additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client request. Blue Marble may offer investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks for the primary securities that we utilize under the heading ***Specific Security Risks*** in ***Item 8*** below.

We discuss our discretionary authority below under ***Item 16 - Investment Discretion***. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this Item below.

We describe the fees charged for the EarthFolio® model portfolios and other client relationships under ***Item 5 - Fees and Compensation***, below.

### *License Agreements*

Blue Marble has entered into licensing agreements with Investnet Asset Management Inc. (“Investnet”), under which Blue Marble will provide Investnet with our investment models and any changes or modifications to the models to use as part of their investment management program with their clients.

Blue Marble does not provide any investment management services directly to any client that participates in Investnet’s program, nor will Blue Marble have any discretionary authority whatsoever over any client assets that Investnet invests according to Blue Marble’s model portfolio allocations.

We describe fees we receive under these license agreements below under ***Item 5 - Fees and Compensation***.

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

Clients investing in EarthFolio® accounts will complete a web-based interactive questionnaire which contains questions about the investor’s time horizon and risk tolerance. The questionnaire is designed to help the investor determine his/her appropriate investment profile based on the answers he/she provides and to recommend the EarthFolio® portfolio that appears to best match his/her appropriate profile. The client may choose not to invest in the recommended model portfolio. Blue Marble manages the EarthFolio® portfolios based on the investment strategy discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***.

For clients under other account structures, we determine an investment strategy for the client based on the client’s individual circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our investment advice may not be suitable if the client does not provide us with accurate and complete information. It is the client’s responsibility to keep Blue Marble informed of any changes to their investment objectives or restrictions.

Outside of the EarthFolio® accounts, clients may request other restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want Blue Marble to buy or sell certain specific securities or security types in the account. Blue Marble reserves the right to not accept and/or terminate management of a client’s account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client’s investment strategy.

## Wrap Fee Programs

Blue Marble sponsors and acts as portfolio manager in our own wrap fee program, featuring EarthFolio® portfolios. The wrap fee program is described in our Form ADV Part 2A Appendix 1 wrap fee program brochure.

## Assets Under Management

As of 1/14/2015, Blue Marble’s discretionary assets under management totaled \$29,871,347. We did not manage any non-discretionary advisory accounts.

## ITEM 5 - FEES AND COMPENSATION

### Investment Management Services

#### EarthFolio® Accounts

Clients’ EarthFolio® accounts are normally charged an annual management fee of 0.50% of assets under management. EarthFolio® fees are charged monthly in arrears. The fees described include brokerage commission costs for securities transactions, but do not include other fees charged by the custodian, such as custody fees, wire transfer and electronic fund fees, handling, transfer fees, fees relating to the maintenance of IRA accounts, or fees imposed by the Securities and Exchange Commission. Some clients may be under historically different fee schedules. Blue Marble reserves the right to negotiate fees with clients, and may charge higher or lower fees.

#### Other Client Relationships

Client accounts managed outside of the EarthFolio® models are charged an account start-up fee and annual management fee based on assets under management according to the following fee schedule:

Accounts with values up to \$3,000,000 will be charged an annual percentage fee based on a tiered schedule:

<b><u>Account Fee Schedule</u></b>			<b>One-Time</b>	<b>Annual</b>
Assets Under Management			<b>Development Fee</b>	<b>Management Fee</b>
First	\$100,000		\$500	1.25%
Next	\$200,000	or portion	\$500	0.95%
Next	\$200,000	or portion	\$500	0.75%
Next	\$500,000	or portion	\$500	0.55%

Next	\$1,000,000	or portion	\$500	0.35%
Next	\$999,999	or portion	\$500	0.20%

Accounts with values \$3,000,000 or over will be charged a flat annual percentage fee:

<b><u>Account Fee Schedule</u></b>		<b>One-Time</b>	<b>Annual</b>
Assets Under Management		<b>Development Fee</b>	<b>Management Fee</b>
\$3,000,000	to \$3,999,999	\$1,000	0.38%
\$4,000,000	to \$4,999,999	\$1,000	0.36%
\$5,000,000	to \$5,999,999	\$1,000	0.34%
\$6,000,000	to \$6,999,999	\$1,000	0.32%
\$7,000,000	to \$7,999,999	\$1,000	0.30%
\$8,000,000	to \$8,999,999	\$1,000	0.28%

Accounts with values \$9,000,000 or over will be charged a negotiable flat fee:

<b><u>Account Fee Schedule</u></b>		<b>One-Time</b>	<b>Annual</b>
Assets Under Management		<b>Development Fee</b>	<b>Management Fee</b>
\$9,000,000	or more	\$1,500	Negotiable

Management fees are charged quarterly in arrears. Blue Marble reserves the right to negotiate fees with clients, and may charge higher or lower fees than those described above. Multiple portfolios owned by one household may be considered as one account in order to qualify for lower overall fees. Lower fees for comparable services may be available from other sources.

### **Billing Method**

All management fees will be billed in arrears and will be deducted from the account the following month. The initial fee for a new account will be pro-rated for the number of days in the billing period that the account is under Blue Marble's management. Initial and subsequent fees will be based on the account's market value as of the close of business on the last business day of the billing period for which the fee is due.

With client authorization, Blue Marble will instruct the client's custodian to automatically withdraw our advisory fee from the client's account. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee.

Blue Marble will send a statement to each client who authorizes Blue Marble to withdraw fees directly from the custodian. The statement will show the amount of the fee, the value of the client's assets upon which we based the fee, and the specific manner in which we calculated the fee. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

## Termination

Either party may terminate the agreement upon thirty (30) days written notice to the other party. The client may terminate the agreement by writing to Blue Marble at our office.

Upon notice of termination, Blue Marble will calculate the final fees due for services provided through the effective date of termination. Any advisory fees that we have earned for the services provided will be due upon termination. If the final fees are not debited from the client's account, we will send the client an invoice showing the advisory fees due for services rendered and not yet paid.

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement, Blue Marble will not liquidate any securities in the account unless instructed by the client to do so. In the event of client's death or disability, Blue Marble will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

## **Other Fees and Expenses**

Blue Marble's management fees do not include custodian fees. Unless noted above, clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees clients pay to Blue Marble. In addition, all fees paid to Blue Marble for investment management services are separate and distinct from the fees and expenses charged within mutual funds or exchange traded funds held in a client's account. Mutual funds and ETFs pay advisory fees to their managers as well as internal fund administration and marketing expenses, including 12b-1 fees. These fees are indirectly charged to all holders of the fund shares. Consequently, clients with mutual funds or ETFs in their portfolios are effectively paying both Blue Marble and the fund manager for the management of their assets. A client could invest in a mutual fund or ETF directly, without using our services. In that case, the client would not receive the benefit of services we provide, which include analyzing and selecting funds, reviewing that the funds follow socially responsible practices, and determining a proper allocation mix. Accordingly, the client should review both the fees charged by the funds and the advisory fees we charge to understand the total amount of fees the client will pay and evaluate the advisory services we provide accordingly.

## **License Agreements**

Blue Marble receives the following annual fees from Envestnet for providing our investment models. The fees we receive are based on the aggregated client assets that are being managed pursuant to Blue Marble's model portfolios.

### **Envestnet Third Party Models Program**

Invested Assets	Annual Fee Paid to Blue Marble
\$50,000 to \$500,000	0.30%
Next \$500,000	0.25%

Next \$1,000,000	0.23%
Next \$2,000,000	0.20%

The fees Blue Marble receives under license agreements are paid to us quarterly in arrears based on the total amount of client assets that are invested according to our model portfolio allocations on the last day of the quarter.

Portfolio model licensing agreements may be terminated per the terms of the agreement.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Blue Marble does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7 - TYPES OF CLIENTS**

Blue Marble primarily provides investment advisory services to individuals (including high net worth individuals, trusts and estates, and individual participants of retirement plans). In addition, we offer advisory services to charitable organizations and businesses.

### **Account Requirements**

The minimum investment required by an individual client is generally \$100,000. The minimum account size for accounts invested according to the EarthFolio® models is \$25,000. Accounts below this minimum may be negotiable and accepted on an individual basis at Blue Marble's discretion.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **EarthFolio® Model Portfolios**

The EarthFolio® models are socially and environmentally screened portfolios designed to provide a diversified asset allocation to clients based on the client's investment objectives and risk tolerance.

EarthFolio® comes in a range of portfolio styles, each designed to help match the needs of varying investors based on their individual goals, risk tolerances, and time horizons.

### **The EarthFolio® Investment Process**

Blue Marble follows a multi-step process in determining the securities to include in the model portfolios:

#### ***Step 1 – Fund Universe***

Potential mutual funds are selected based on financial, social and environmental criteria

### *Step 2 – Asset Allocation*

The overall asset allocation for the four portfolio objectives is formulated by Ibbotson Associates

### *Step 3 – Fund Selection*

Final mutual fund selection is made based on manager tenure, style consistency, risk/reward, etc.

### *Step 4 – Portfolio Construction*

The four portfolios are fully implemented based on their specific strategic objectives and allocations

### *Step 5 – Management and Monitoring*

Active monitoring and regular rebalancing is performed to ensure ongoing quality and consistency

Blue Marble monitors the performance of each holding against a stated benchmark. Additionally, active rebalancing is employed by Blue Marble in an effort to maintain the portfolio's integrity, and enhance its ability to pursue long-term growth.

### *The Portfolios' Social and Environmental Guidelines*

EarthFolio® model portfolios are typically allocated across a broad range of U.S. and international equity and fixed-income mutual funds and money market funds. Mutual funds selected by Blue Marble for inclusion in an EarthFolio® model must pass financial screens. But just as importantly, they must also demonstrate a commitment to investing in a way that protects our natural resources and promotes social progress.

This type of investing is known as socially responsible investing (SRI)—the hallmark of EarthFolio®. The mutual funds underlying the EarthFolio® models use numerous screens for sustainability and governance issues. Below are some of the most common social and environmental screens used by mutual funds in the portfolios:

#### *Negative Screens*

Tobacco  
Alcohol  
Gambling  
Weapons  
Animal Testing  
Products and Services

#### *Positive Screens*

Environment  
Human Rights  
Labor Relations  
Employment Equality  
Community Investment  
Corporate Governance

### **Other Accounts**

For accounts not invested according to an EarthFolio® model, each portfolio composition is determined in accordance with the clients' investment objectives, risk tolerance, and time horizon, focusing on stocks, bonds, mutual funds and exchange traded funds (ETFs) that demonstrate an ongoing commitment to socially responsible investing (SRI) values. Blue Marble generally uses diversification in an effort to optimize the risk and potential return of a portfolio. More specifically, we utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification.

Blue Marble may use fundamental, cyclical, and/or technical analysis in the selection of individual securities. Fundamental analysis typically involves analysis of corporate financial statements, management presentations, specialized research publications, and general news sources. Cyclical analysis involves the analysis of business cycles to find favorable market sectors. Technical analysis depends upon the accurate forecasting of major price moves or trends in securities. Blue Marble may use cyclical and technical techniques an effort to predict favorable conditions for buying and/or selling a security.

Blue Marble uses fundamental analysis in the selection of mutual funds, including the review of fund managers, annual reports, and any competitive advantages. In analyzing funds to include in client portfolios, we review key characteristics such as historical performance, consistency of returns, risk level, size of fund, etc. Expense ratio and other costs are also factors in fund selection.

We gather our information from a variety of sources, including financial newsletters and websites, third party research, corporate ratings services, company filings and releases, and KLD and the Social Investment Forum.

## **Investing Involves Risk**

Investing in securities always involves the risk that you will lose money. Before investing in the securities markets, clients should be prepared to bear that risk. Over time, a client's account value will fluctuate. At any time, your assets may be worth more or less than the amount you invested. Blue Marble makes no guarantees or promises that our market analysis will be accurate or the investment strategies we use will be successful.

Clients investing in an EarthFolio® account will have a model portfolio recommended to them based on their investment profile as determined by an interactive web-based questionnaire. Clients may decide to invest in a portfolio different than the one recommended; however, clients should understand that if they choose a model that was not recommended, the model may not be as appropriate for the client (may have higher risk or lower return potential) as the model recommended, based on the client's time horizon and risk tolerance.

## **Specific Security Risks**

### *General Risks of Owning Securities*

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

## Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). All mutual funds within EarthFolio® accounts are purchased at NAV, with sales loads waived.

Mutual funds have benefits such as professional management, diversification, affordability, and liquidity. However, they also have features that some investors might view as disadvantages:

### Costs Despite Negative Returns

Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

### Lack of Control

Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

### Price Uncertainty

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

## Different Types of Funds

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories; money market funds, bond funds (also called "fixed income" funds), and stock funds (also called "equity" funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

### *Money Market Funds*

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short-term investments issued by the U.S. Government, U.S. and foreign corporations, state and local governments, and bank issued certificates of deposit. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if

the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why "inflation risk," the risk that inflation will outpace and erode investment returns over time, can be a potential concern for investors in money market funds.

### *Bond Funds*

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC's rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards.

### TIPS Funds

Treasury Inflation Protected Securities (TIPS) are inflation-indexed securities structured to remove inflation risk.

Some of the risks associated with bond funds include:

#### Credit Risk

There is a possibility that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects mutual funds that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

#### Interest Rate Risk

There is a risk that the market value of the bonds will go down when interest rates go up. Because of this, investors can lose money in any bond fund, including those that invest only in insured bonds or U.S. Treasury Bonds. Funds that invest in longer-term bonds tend to have higher interest rate risk.

#### Prepayment Risk

Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to "retire" its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

### *Stock Funds*

Although a stock fund's value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments. This is true for corporate bonds, government bonds, and treasury securities. Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons—such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same. For example:

## Growth Funds

Growth funds focus on stocks that may or may not pay a regular dividend but have the potential for large capital gains. These funds favor companies expected to grow earnings, which could result in stock prices rising faster than the economy, and may be smaller and less seasoned companies. The smaller and less seasoned companies that may be in a growth fund have a greater risk of price volatility. Growth stocks, which can be priced on future expectations rather than current results, may decline substantially when expectations are not met or general market conditions weaken.

## Equity Income Funds

Equity income funds stress current income over growth, and may invest in stocks that pay regular dividends. These funds are subject to dividend payout risk, which is the possibility that a number of the companies in which the fund invests will reduce or eliminate the dividend on the securities held by the fund.

## Small Cap Funds

Funds that invest in stocks of small companies involve additional risks. Smaller companies typically have higher risk of failure, and are not as established as larger blue-chip companies are. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

## Mid Cap Funds

Funds that invest in companies with mid-range market capitalizations involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

## Index Funds

Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all—or perhaps a representative sample—of the companies included in an index.

## International Funds

International investments are subject to additional risks, including currency fluctuation, political instability, and potential illiquid markets.

## Emerging Market Funds

Funds that invest in foreign securities of smaller, less-developed countries involve special additional risks. These risks include, but are not limited to currency risk, political risk and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

## Sector Funds

Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks. Funds that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risk.

### *Tax Consequences of Mutual Funds*

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

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

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

### *Cash and Cash Equivalents*

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Blue Marble and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Blue Marble does not have any disciplinary information to disclose.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Arturo Tabuenca, Blue Marble's Portfolio Manager, is also a licensed insurance agent and a registered securities representative of Purshe Kaplan Sterling Investments ("PKS"), a non-affiliated registered broker-dealer and a member of the Financial Industry Regulation Authority ("FINRA"). In this capacity, Mr. Tabuenca receives compensation, commissions and/or trailing 12b-1 fees from PKS as a result of securities or insurance transactions for brokerage clients. Mr. Tabuenca's activities with PKS represent a minority of his time and are generally only conducted upon client request or for products outside the scope of Blue Marble's socially responsible objective. A conflict of interest exists to the extent that Mr. Tabuenca receives commissions on the sale of commissionable products, as this practice gives him an incentive to recommend products based on the compensation received, rather than on the client's needs. Therefore, clients are advised that the client is under no obligation to act on these

recommendations or purchase commissionable products through Mr. Tabuenca as a registered representative. In all cases, insurance commissions will be fully disclosed to the client. The insurance commissions are separate from and in addition to any fees that Blue Marble receives for advisory services.

Blue Marble's other Portfolio Managers may also be associated with unaffiliated firms in the financial industry. Please see the Form ADV Part 2B Brochure Supplement of each portfolio manager for a description of other business activities they engage in, the compensation they receive, and any related conflicts of interest.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Blue Marble believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. We have adopted a Code of Ethics that emphasizes the high standards of conduct that Blue Marble seeks to observe. Blue Marble's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Blue Marble's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Our personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable state and federal securities laws. Blue Marble will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

### **Personal Trading Practices**

Individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to Blue Marble's personal trading policies. Blue Marble and our personnel may purchase or sell securities for ourselves that we also recommend to clients. This includes related securities (e.g., warrants, options, or futures). This presents a potential conflict of interest as we may have an incentive to favor our personal trades over client transactions or use the information about the transactions we intend to make for clients to our personal benefit. Our policies to address these conflicts include the following:

1. As a fiduciary to our clients, we always seek to put our clients' interests first. Clients receive the opportunity to act on investment recommendations prior to and in preference to accounts of Blue Marble and our personnel.
2. Blue Marble prohibits trading in a manner that takes personal advantage of our knowledge of client transactions or price movements caused by client transactions.
3. At times, we might wish to trade in the same security that we plan to trade for a client.

For mutual funds, if we traded on the same day as clients, we would receive the same price, since mutual funds are issued and redeemed once daily at the fund's net asset value ("NAV").

For stocks or other securities where the prices fluctuate during the day, we will place our own transactions after we place client trades. Since prices fluctuate, this does not guarantee that clients will get better prices than our personnel.

4. Because these policies are intended to protect the interests of clients, we may make exceptions where we feel clients would not be harmed.

Blue Marble maintains required personal securities transaction records.

## **ITEM 12 - BROKERAGE PRACTICES**

All Blue Marble client accounts are held at an independent qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution). Blue Marble requires clients to open an account with TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC/NFA ("TD Ameritrade"), a registered broker-dealer. The client will enter into a separate agreement with TD Ameritrade to custody the assets. Blue Marble is independently owned and operated and is not affiliated with TD Ameritrade.

By requiring clients to use TD Ameritrade, Blue Marble believes we may be able to more effectively manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio. Clients may not direct Blue Marble to place trades through any outside brokers. Not all investment advisers require their clients to trade through specific brokerage firms.

### **Factors Considered in Selecting Broker-Dealers for Client Transactions**

Blue Marble considers several factors in recommending TD Ameritrade to clients, including selection of mutual funds with no transaction fees, technology interface, execution, pricing, reasonableness of fees, service, stability, and history. Blue Marble may also take into consideration the availability of the products and services we receive or that TD Ameritrade offers that assist us in managing and administering clients' accounts. TD Ameritrade provides us with access to their institutional trading and custody services, which are typically not available to TD Ameritrade retail investors. TD Ameritrade's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. TD Ameritrade does not generally charge clients separately for custody but is compensated by account holders through commissions or other transaction-related fees or securities trades that are executed through TD Ameritrade.

#### **Research and Other Benefits**

Blue Marble participates in the institutional advisor program (the "Program") offered by TD Ameritrade. TD Ameritrade offers to independent investment advisors services which include custody of securities,

trade execution, clearance and settlement of transactions. Blue Marble receives some benefits from TD Ameritrade through our participation in the Program.

There is no direct link between Blue Marble's participation in the program and the investment advice we gives to our clients, although Blue Marble receives economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Blue Marble by third party vendors. Some of the products and services made available by TD Ameritrade through the program may benefit Blue Marble but may not benefit client accounts. These products or services may assist Blue Marble in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Blue Marble manage and further develop our business enterprise. The benefits received by Blue Marble or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, Blue Marble endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Blue Marble or our related persons in and of itself creates a potential conflict of interest and may indirectly influence the Blue Marble's choice of TD Ameritrade for custody and brokerage services.

## **Aggregation and Allocation of Transactions**

In most cases Blue Marble primarily purchases and sells open-end mutual funds in clients' accounts and does not place trades for individual securities. However, in some cases, Blue Marble may purchase individual securities which represent a particular "socially responsible" sector. In those cases, we may aggregate the orders for clients that are in the same securities if we believe that aggregation is in the best interests of our clients.

Blue Marble has adopted certain policies and procedures that we follow when aggregating trades, in an effort to provide an objective and equitable method of trade allocation so that all clients are treated fairly. The basic objectives of our policies and procedures are as follows:

1. Blue Marble will not aggregate trades unless we believe that aggregation is consistent with our duty to seek best execution for clients.
2. Blue Marble does not aggregate trades of our personnel with those of client accounts.
3. No client account will be favored over any other client account.
4. Each account that participates in an aggregated transaction will participate at the average of the executed share price for that transaction, with all transaction costs shared on a pro-rata basis.

5. Blue Marble will allocate each transaction in writing prior to the time an order is transmitted to a broker for execution.
6. If the aggregated transaction is filled in its entirety, it will be allocated among the accounts listed on the pre allocation order. If an allocation is only partially filled, it will be allocated on a pro rata basis. However, if a pro rata allocation results in a *de minimis* amount to one or more of the accounts, Blue Marble may deviate from the pro rata allocation and document the reasons for the deviation.

Blue Marble believes that by combing orders in this way it will be advantageous to all participants. However, the average price could be less advantageous to a particular client than if that client had been the only account effecting the transaction or had completed its transaction before the other participants.

## ITEM 13 - REVIEW OF ACCOUNTS

### Managed Account Reviews

Accounts are reviewed on a regular basis by the Portfolio Manager to determine their conformity with client investment objectives, guidelines and Blue Marble's investment strategy. The review process is based on a variety of factors, which include but are not limited to: each model's investment strategy, a client's stated investment objectives, the economic environment, outlook for the securities markets and the merits of the securities and/or mutual funds in which the accounts are invested. Each client account will be reviewed at least quarterly. In addition, a special review of an account may be triggered by one or more of the following: 1) a change in the client's investment objectives, guidelines and/or financial situation communicated by the client, 2) change in diversification, 3) tax considerations, 4) cash added or withdrawn from account, and 5) purchase or sale of a security or mutual fund in the account.

### Account Reporting

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. Blue Marble does not provide additional reporting on the accounts we manage.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### Support Products and Services

We receive an economic benefit from TD Ameritrade in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of TD Ameritrade's products and services to us.

## ITEM 15 - CUSTODY

Blue Marble does not take physical custody of client funds or securities. For the convenience of the client, we will set up quarterly fee deduction ability from the client's account, when authorized by the client. Blue Marble will not have custody of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account if all of the following requirements are met:

1. Clients' accounts are held by a qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution).
2. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of Blue Marble's fee.
3. Each billing period, we send clients a statement showing the value of the client's assets upon which we based the fee, the amount of the fee, and how we calculated the fee.
4. We send only the amount of our fee to the custodian.
5. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

## ITEM 16 - INVESTMENT DISCRETION

Blue Marble has full discretion to decide the specific security to trade and to determine the quantity and the timing of transactions for client accounts. Blue Marble is not required to contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority within their accounts when they sign the custodian paperwork.

Certain client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types. See also ***Tailored Services and Client Imposed Restrictions*** under ***Item 4***, above.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

Blue Marble does not accept or have the authority to vote client securities. However, clients may call us if they have questions about a particular solicitation. Blue Marble will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

### Class Actions

Blue Marble does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction

information pertaining to the client's account needed for the client to file a proof of claim in a class action.

## **ITEM 18 - FINANCIAL INFORMATION**

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Blue Marble does not require the prepayment of more than \$500 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

## **ITEM 19 - REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

### **Principal Executive Officers and Management Persons**

The principal executive officer of Blue Marble is Arturo Tabuenca, as listed under *Item 4 - Advisory Business*, above. A description of his education and business background is included in the brochure supplement, Form ADV Part 2B, which is provided to clients initially. Clients can also get a copy of the brochure supplement for Arturo Tabuenca at any time by contacting us at the address or phone number on the cover page of this brochure.

### **Other Business Activities**

Blue Marble's personnel engage in other business activities besides providing investment advice. We discuss these activities under *Item 10 - Other Financial Industry Activities and Affiliations*, above.

### **Performance-Based Fees**

Blue Marble does not charge performance-based fees or other fees based on a share of capital gains or on capital appreciation of the assets of a client.

### **Legal and Disciplinary Issues**

Blue Marble and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Neither Blue Marble nor our personnel have any legal or disciplinary events to disclose.

### **Arrangements with Securities Issuers**

Blue Marble and our personnel have no relationships or arrangements with issuers of securities.

# **Form ADV, Part 2B Brochure Supplement**

**Arturo A. Tabuenca  
Scott H. Secrest, AAMS**

## **Blue Marble Investments, LLC**

1308 Monterey Street  
Suite 250  
San Luis Obispo, CA 93401  
805.595.1820

August 13, 2015

This brochure supplement provides information about Arturo Tabuenca and Scott Secrest that supplements the Blue Marble Investments, LLC brochure. You should have already received a copy of that brochure. Please contact us at 805.595.1820 if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about Arturo Tabuenca and Scott Secrest is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ARTURO A. TABUENCA**

### **ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

**Arturo A. Tabuenca**, Managing Member and Portfolio Manager, b. 1968

*Education:*

B.A. in Business Administration; Loma Linda University, Riverside, CA; 1991

*Business Background:*

Blue Marble Investments, LLC (“Blue Marble”); Managing Member; 2006 to present

Purshe Kaplan Sterling Investments; Registered Representative; 2014 to present

Sorrento Pacific Financial, LLC; Registered Representative; 2009 to 2014

Partnervest Advisory Services, LLC; Investment Adviser Representative & Registered Representative; 2006 to 2009

Commonwealth Financial Network; Investment Adviser Representative & Registered Representative; 2000 to 2006

Banc of America Investment Services; Vice President; 1993 to 2000

Great American Securities; Registered Representative; 1991 to 1993

### **ITEM 3 - DISCIPLINARY INFORMATION**

Arturo Tabuenca has no disciplinary history to disclose.

### **ITEM 4 - OTHER BUSINESS ACTIVITIES**

In addition to the investment advisory services he provides through Blue Marble, Arturo Tabuenca is also a licensed insurance agent and a registered representative of Purshe Kaplan Sterling Investments (“PKS”), a registered broker-dealer unaffiliated with Blue Marble. In this capacity, he may offer securities or insurance products to PKS brokerage clients and receive normal and customary commissions as a result of securities or insurance transactions. Mr. Tabuenca’s activities with PKS represent a minority of his time and are generally only conducted upon client request or for products outside the scope of Blue Marble’s socially responsible objective. A conflict of interest exists to the extent that Mr. Tabuenca receives commissions on the sale of commissionable products, as this practice gives him an incentive to recommend products based on the compensation received, rather than on the client’s needs. Therefore, clients are advised that the client is under no obligation to act on these recommendations or purchase commissionable products through Mr. Tabuenca as a registered representative.

### **ITEM 5 - ADDITIONAL COMPENSATION**

Arturo Tabuenca’s compensation comes from his regular income and ownership of Blue Marble and from his other business activities described in Item 4 above.

### **ITEM 6 - SUPERVISION**

Arturo Tabuenca is the Managing Member of Blue Marble and is not supervised by any other individual.

## **ITEM 7 - REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Arturo Tabuenca has no additional disclosures.

## **SCOTT H. SECREST, AAMS**

### **ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

**Scott H. Secrest**, Co-Portfolio Manager of EarthFolio® portfolio series, b. 1965

*Education:*

Degree in Political Science; University of Colorado, Boulder, CO; 1987

*Business Background:*

Blue Marble Investments, LLC (“Blue Marble”); Co-Portfolio Manager of EarthFolio® portfolio series; 2014 to present

Natural Investments; Financial Advisor and Director of Investment Research; 2005 to present

Charles Schwab & Co., Inc.; Investment Adviser Representative and Registered Representative; 1998 to 2004

*Designations:*

Scott Secrest holds the following designations:

The Accredited Asset Management Specialist (AAMS®) designation is awarded by the College for Financial Planning to investment professionals who complete its 12-module AAMS Professional Education Program, pass an examination, commit to a code of ethics and agree to pursue continuing education.

### **ITEM 3 - DISCIPLINARY INFORMATION**

Scott Secrest has no disciplinary history to disclose.

### **ITEM 4 - OTHER BUSINESS ACTIVITIES**

In addition to the investment advisory services he provides through Blue Marble, Scott Secrest is also a Financial Advisor and Director of Investment Research for Natural Investments, a registered investment adviser unaffiliated with Blue Marble. This activity accounts for the majority of Mr. Secrest’s time.

### **ITEM 5 - ADDITIONAL COMPENSATION**

Scott Secrest shares in profits earned with respect to the EarthFolio® portfolio series at Blue Marble, giving him an incentive to increase this line of business. Mr. Secrest also receives regular income from his role with Natural Investments, described in Item 4 above.

### **ITEM 6 - SUPERVISION**

Arturo Tabuenca is the Managing Member of Blue Marble and supervises the investment advice provided by Scott Secrest. Arturo Tabuenca can be reached at 805.595.1820.

### **ITEM 7 - REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Scott Secrest has no additional disclosures.