

## Item 1 - Cover Page

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Date of Brochure: March 30, 2012

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This brochure provides information about the qualifications and business practices of Warburton Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (918) 794-3000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Warburton Capital Management, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for Warburton Capital Management, LLC's name or by using its CRD number: 141969.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission (SEC) published “Amendments to Form ADV” which amended the disclosure document provided to clients as required by SEC and state rules. This Disclosure Brochure, dated March 30, 2012, is a new document prepared according to new SEC and state requirements and rules. As such, this document is materially different in structure and requires certain new information that the previous Form ADV Part II and Schedule F for Warburton Capital Management, LLC did not require. In the future, this item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. Warburton Capital Management, LLC will also reference the date of its last annual update of the brochure.

In the past, Warburton Capital Management, LLC has offered or delivered information about the firm’s qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, the firm will ensure that clients receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after the firm’s fiscal year end—December 31. This means clients will receive the summary of material changes no later than April 30 each year. At that time, Warburton Capital Management, LLC will also offer a copy of its most current Disclosure Brochure and may also provide other ongoing disclosure information about material changes as necessary.

Clients and prospective clients can always receive the most current Disclosure Brochure for Warburton Capital Management, LLC at any time by contacting Douglas K. Scott at (918) 794-3000.

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## **Item 4 – Advisory Business**

### **Ownership**

Warburton Capital Management, LLC (“Advisor” or “we”) is an investment advisor registered with the Securities and Exchange Commission since July 22, 2010. We are a limited liability company formed under the laws of the State of Oklahoma. Our majority owners are Thomas K. Warburton and Douglas K. Scott. Please see **Item 14, Client Referrals and Other Compensation**, for additional information concerning our minority owners.

### **General Description of Primary Advisory Services**

We offer personalized investment advisory services including asset management and financial planning services (review and action services, newsletters, seminars). The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“client” or “you”) can review the services and description of fees in a side-by-side manner.

#### ***Asset Management***

We offer asset management services providing clients with continuous and on-going supervision over their accounts. This means that we will continuously monitor a client’s account and make trades in that account when necessary.

#### ***Financial Planning***

We offer review and action services to clients also contracting for comprehensive wealth management services. We gather information and documentation to assess a client’s current financial situation, objectives and goals. Clients receive an oral and/or written action report that includes an analysis of the client’s assets and high-level action items to help them meet their objectives and goals.

#### ***Limits Advice to Certain Types of Investments.***

We provide advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities and commodities
- Futures contracts on tangibles and intangibles
- Interests in partnerships investing in real estate and in oil and gas interests

We reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives. Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

#### **Tailor Advisor Services to Individual Needs of Clients**

Our services are always provided based on your specific needs. You are given the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### **Wrap-Fee Program versus Portfolio Management Program**

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. We do not act as a portfolio manager of or sponsor wrap fee programs.

#### **Client Assets Managed by Advisor**

The amount of clients assets managed by us totaled \$ 67,823,000 as of December 31, 2011, with \$67,161,000 managed on a discretionary basis and \$662,000 managed on a non-discretionary basis.

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

In addition to the information provided in **Item 4, Advisory Business**, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

#### **Asset Management Services**

We offer asset management services that include continuous investment advice to you, with ongoing assistance in evaluating and selecting investments as well as adjusting and balancing portfolios. Our investment advisor representatives ("associated persons") will create a personal investment policy and create and manage a portfolio based on that policy. We have developed several core models of investment assets with varying allocations of mutual funds which hold stocks, bonds, cash and real estate investment trusts (REITS). We typically utilize mutual funds for its investment recommendations (currently we primarily use Dimensional Fund Advisors), but may also recommend the use Certificates of Deposit. While each client's unique situation is considered, most clients will fall within the parameters of one or more of the core models. We do not engage in market timing or other speculative investment strategies. However, clients may deposit assets into their accounts that have not been analyzed or recommended by our associated persons.

Management services are provided on a discretionary basis only. This means that you must give us written authorization to make all decisions to buy, sell or hold securities, cash or other investments in your managed account in our sole discretion without consulting with you prior to transactions being made. However, with the exception of possible re-balancing adjustments, it is our philosophy to consult with you before any transactions are made. You can place restrictions and guidelines on your account holdings.

All managed accounts are currently held at TD Ameritrade Institutional (TD Ameritrade), a division of TD Ameritrade, Inc., member FINRA/SIPC, who acts as custodian for the accounts. Neither we nor our

associated persons act as custodian for any of your accounts or have direct access to your funds or securities except for the ability to have advisory fees deducted from your account and paid to us. If you create a new account, our associated persons assist you in establishing the managed accounts at TD Ameritrade. A minimum of \$1,000,000 is required to establish a managed account, although exceptions may be granted at our sole discretion (i.e., related client accounts, regular auto-deposit accounts, potential account growth). You can “aggregate” or “bundle” household accounts to reach the minimum account size requirement.

Fees are charged as a percentage of assets under management as follows:

<u>Account Value</u>	<u>Annual Fee</u>
Up to \$500,000	1.00%
\$500,001 - \$1,000,000	0.75%
\$1,000,001 - \$2,000,000	0.60%
\$2,000,001 - \$4,000,000	0.45%
\$4,000,001 - \$6,000,000	0.35%
\$6,000,001 - \$10,000,000	0.30%
Over \$10,000,000	0.20%

At our sole discretion, fees are negotiable based on the complexity of your situation and portfolio holdings as well as your relationship with us. Fees are billed quarterly in arrears and calculated on the account value as of the last day in the preceding quarter. You can “bundle” or “aggregate” household accounts in order to reach a higher total account value and therefore a lower fee. Accounts opened mid-quarter will be prorated based on the number of days that services were provided during the first billing period.

Fees are deducted from your account, and you must provide TD Ameritrade with written authorization to have fees deducted from the account and paid to us. TD Ameritrade will send you a monthly statement showing account activity; quarterly statements will include advisory fees deducted from the account. You are urged to review statements received from TD Ameritrade, and any questions about the statements should be reported to us and/or to TD Ameritrade immediately.

In addition to the advisory fees we charge, you may incur brokerage commissions and/or transaction fees charged by TD Ameritrade. These commissions and fees will be billed directly to you and we do not receive any portion of such fees. In addition, you may incur charges imposed by third parties other than us in connection with investments made through the account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. A description of these fees and expenses are available in each investment company security’s prospectus.

Either of us may terminate the agreement for services at any time by providing written notice to the other party. If services are terminated within 5 business days of executing the client agreement, services are terminated without penalty. An account closed within 90 days of being opened is charged a fee equal to what would have been charged if the account had been opened for an entire quarter as well as a \$100 administrative fee. You are charged prorated fees for the number of days that management services are provided. When calculating fees, prorated charges begin accruing from the first date the account is funded (i.e., any amount is deposited into the account). A 30 day notice is required to terminate services unless a sooner date is agreed to by the parties. During that time, our associated persons continue providing services already begun but do not begin any new services unless specifically agreed to by you.

Clients should be aware that management services billed as a percentage of assets managed could still lead to potential conflicts of interest between us. For example, conflicts could arise relating to financial decisions in life such as incurring or paying down debt; gifting to charities or individuals; purchasing a home, car or other non-investment assets; purchasing a lifetime immediate annuity; travel or other expenditures; investments in private equity programs (private real estate ventures, closely held businesses, etc.); and placing funds in non-managed cash reserve accounts. Our goal is that our

recommendations are always made with your best interests in mind, disregarding any impact the decision has on us.

### **Financial Planning Services**

#### ***Review and Action Services***

If you enter into an agreement with us for comprehensive wealth management services, you receive an oral and/or written action report at no charge. At an initial discovery meeting, we begin gathering information and documentation needed to assess your current financial situation, objectives and goals. During subsequent meetings, our associated persons begin presenting high-level action items to help you meet those objectives and goals. If you desire to continue with our services, a client agreement is signed and another meeting is scheduled in approximately 45 days to follow-up with more specific recommendations and also on your current situation. Action reports are specific to you and generally include:

- A review and analysis of your assets (including assets not held in accounts managed by us)
- Insurance analysis
- Tax analysis (including participation in meetings with your accountant)
- Review of legal documents (e.g., wills and trusts)
- Charitable planning

Institutional clients contracting for investment advisory services may also receive action reports, but they will generally relate only to investment consultations.

#### ***Newsletters***

We provide monthly newsletters. These newsletters are informational and educational in nature and may also contain commentary on specific areas of consideration (i.e., market events, mutual fund news, tax law changes, etc.). No specific investment advice or recommendations are contained in the newsletters. There is no subscription needed to receive the newsletters and there is no fee charged.

#### ***Seminars***

We offer periodic, invitation-only seminars that are informational and educational in nature. No specific recommendations on investment products are given and no individualized advice is offered to participants. There is no fee to participants attending these seminars.

### **Additional Compensation**

Some of our associated persons may also be independently licensed as insurance agents and sell insurance products to any client. The associated persons can earn commissions when selling insurance products in this separate capacity. This is a potential conflict of interest, since any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative.

From time to time, Advisor may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Advisor and its IARs endeavor at all times to put the interest of the clients first as a part of their fiduciary duty. However, clients should be aware that the receipt of additional compensation through nominal sales awards, expense

reimbursements, etc. creates a conflict of interest that may impact the judgment of the IARs when making advisory recommendations.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not charge performance-based fees.

## **Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals (including high net worth individuals)
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with us.

### **Minimum Investment Amounts Required**

A minimum of \$1,000,000 is required to establish a managed account, although exceptions may be granted at our sole discretion (i.e., related client accounts, regular auto-deposit accounts, potential account growth). You can “aggregate” or “bundle” household accounts to reach the minimum account size requirement.

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

### **Methods of Analysis**

Our investment methodology is based on academic research indicating that portfolio performance is determined principally by asset allocation, not market timing or clever stock selection. Our analysis is supported by the following principals:

- Markets are efficient and, for investing purposes, assets are fairly priced
- Priced risk factors determine the expected rate of return
- Diversification reduces the risk of uncertainty
- Asset allocation principally determines performance of the portfolio

## **Investment Strategies**

We may use the following strategies when implementing investment advice to clients:

- Long term purchases (investments to be held at least a year)
- Margin transactions (when an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Advisor.)
- Option writing (including covered options, uncovered options or spreading strategies) (Note: options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time)

We utilize a buy, hold and rebalance, passive investment methodology based on the efficient market hypothesis and modern portfolio theory. Based on your needs analysis, together we determine an appropriate portfolio structure that includes a comprehensive allocation to domestic and foreign asset classes. In addition, the passive strategy attempts to minimize tax liabilities and reduce expenses related to overall management and maintenance of your portfolio.

## **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved.

Investing in securities involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk:

- Market Risk. Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- Equity (Stock) Market Risk. Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Options Risk. Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. Investors in fixed income securities also face interest rate risk whereby changes in interest rates may increase or decrease the principal value of their fixed income investment.

- **ETF and Mutual Fund Risk.** ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- **Management Risk.** Client investments also vary with the success and failure of Advisor's investment strategies, research, analysis and determination of portfolio securities. If Advisor's strategies do not produce the expected returns, the value of a client's investments may increase or decrease.

When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you borrow part of the purchase price then you are engaging in margin transactions and there is risk involved with this. The securities held in your margin account are collateral for the custodian or clearing firm that loaned you the money. If those securities decline in value, then the value of the collateral supporting your loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, including:

- You can lose more funds than you deposit in your margin account
- The account custodian or clearing firm can force the sale of securities or other assets in your account
- The account custodian or clearing firm can sell your securities or other assets without contacting you
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and are not required to provide you advance written notice
- You are not entitled to an extension of time on a margin call

### **Primary Method of Analysis or Strategy**

Our primary method of analysis or strategy is long term purchases of passively managed mutual funds which hold global stocks and bonds. The risks for this strategy are the same as those previously discussed under **Risk of Loss**.

### **Primary Recommend One Type of Security**

We primarily recommend mutual funds. Different mutual fund categories have different risk characteristics and you should not compare different categories. For example, a bond fund and a stock fund that both have below average risk still have different risk/return potential (stock funds traditionally have higher risk/return potential). Risks are based on the investments held in the fund. For example, a bond fund faces interest rate risk and income risk and income is affected by the change in interest rates. A sector fund (investing in a single industry) is at risk that its price will decline due to industry developments. The following are some risks to consider when investing in mutual funds:

- **Call Risk:** A bond issuer may redeem high-yield bonds before maturity date due to falling interest rates.
- **Default Risk:** A bond issuer may fail to repay interest and principal.

- Income Risk: Dividends in a fixed income fund may decline due to falling interest rates.
- Geology Risk: Political events, natural disasters or financial problems may weaken a country or state's economy and cause investments to decline.
- Industry Risk: Stocks in a single industry may decline due to developments in that industry.
- Inflation Risk: Increases in the cost of living can reduce or eliminate a fund's actual returns when adjusted for inflation.
- Manager Risk: A manager may not execute the fund's investment strategy in a timely or effective manner.

In addition, there is the risk that the fund family might inaccurately report individual fund or fund family information. Finally, mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning a mutual fund generally reflects the risk of owning the underlying securities held by the mutual fund.

### **Item 9 – Disciplinary Information**

Advisor has no legal or disciplinary events that are material to a client's or prospective client's evaluation of Advisor's business or the integrity of its management. Therefore, this item is not applicable to Advisor's brochure.

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

We do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- Another investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- An accountant or accounting firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

### **Insurance Sales**

Some of our associated persons are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may receive fees or commissions for selling these products. You are under no obligation to direct insurance transactions to insurance companies with which our associated persons may be licensed. Suitable insurance and investment products may be available from other companies.

### **Legal Services**

One of our associated persons is an attorney licensed to practice law in the State of Oklahoma. If you need assistance with legal matters you may be referred to him but are not obligated to use his services.

However, if you elect to use his legal services, the legal fees he charges are separate from the advisory fees we charge.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisors to establish, maintain and enforce a Code of Ethics. We have established a Code of Ethics. An investment advisor is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its clients at all times. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers our insider trading and personal securities transactions policies and procedures. We conduct business with the highest level of ethical standards and comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons sign an acknowledgment that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of our own investment interest. We disclose to you all material facts and potential conflicts of interest prior to any services being conducted. We must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if you wish to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

We may buy or sell for our personal accounts investment products identical to those recommended to you. This creates a potential conflict of interest. It is the our express policy that all persons associated in any manner with us must place the interests of clients ahead of their own when implementing personal investments. We will not buy or sell securities for our personal account(s) where our decision is derived, in whole or in part, by information obtained as a result of our services unless the information is also available to the investing public upon reasonable inquiry.

Our managing member and some of our advisory clients are also members of WCM-2009-1, LLC (WCM LLC), an investment entity exempted from registration as a security pursuant to SEC Rules. Our managing member is also the President of Warburton Services, Inc., the manager of WCM LLC. Therefore, there is a conflict of interest due to his affiliation with us, due to his membership in WCM LLC and due to his affiliation with WCM LLC's manager.

One of our clients is a local community foundation and a 501(c)(3) charitable organization. The foundation assets managed by us resulted from a donation by our managing member and his spouse. Pursuant to foundation rules, we do not receive any compensation for the management services provided over this specific donation.

### **Item 12 – Brokerage Practices**

You are not obligated to implement any recommendation through either us or our associated persons and are free to select any broker/dealer you wish in order to implement recommendations. If you elect to utilize our management services, we require you to establish accounts at TD Ameritrade. To help fulfill our duty of best execution, we recommend this custodian due to its reasonable brokerage fees, execution capabilities, expertise and reputation. You should understand that not all investment advisors require the use of a particular broker/dealer. There may be other platforms that are less expensive for clients and may provide faster execution capabilities.

We are independently owned and operated and not affiliated with TD Ameritrade. TD Ameritrade provides us with access to institutional trading and custody services that are generally available to independent investment advisors on an unsolicited basis. These services include brokerage, custody, research and access to investments generally available only to institutional investors or accounts requiring a significantly higher minimum initial investment.

TD Ameritrade also makes available to us products and services that may benefit us but not our clients' accounts. These services and products can include software and other technology that provide access to client account data (such as trade confirmation and account statements), facilitate trade execution and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from client accounts and assist with back-office functions, recordkeeping and client reporting. TD Ameritrade may also provide consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, TD Ameritrade may make available, arrange and/or pay for these types of services provided to us by independent third parties. As a fiduciary, we endeavor to act in our clients' best interests. However, our recommendation that you maintain your accounts at TD Ameritrade may be based in part on the benefit to us of the availability of some of the foregoing services and products and not solely on the nature, cost or quality of custody and brokerage services provided by TD Ameritrade. This may create a potential conflict of interest.

### **Block Trades**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and may be used by us when we believe such action may prove advantageous to clients. If and when we aggregate client orders, the allocation of securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions are averaged as to price and allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation or remuneration as a result of block trades.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Managed accounts are reviewed at least quarterly and usually monthly. While the calendar is the main triggering factor, reviews may also be performed due to client request, a change in client circumstances, or a change in our core account models. A change in client circumstances may also require a review and update of the original action report. Currently, our managing member performs all reviews of core account models as well as individual client portfolios. Reviews look for proper asset allocations and continued suitability and ensure holdings continue to work towards goals and objectives.

### **Account Reports**

You receive monthly account statements from TD Ameritrade; every quarter the statement also includes the advisory fees deducted from your account. You are urged to review statements received from TD

Ameritrade, and any questions about the statements should be reported to us and/or to TD Ameritrade immediately.

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

### **Client Referrals**

We may enter into agreements with solicitors to refer clients to us. If a client is referred to us by a solicitor, the solicitor will provide the client with a copy of our Form ADV Part 2A as required by Rule 204-3 of the *Investment Advisers Act of 1940*. The client will also receive a copy of the solicitor disclosure statement containing the information set forth in Rule 206(4)-3 of the *Investment Advisers Act of 1940*. If a referred client enters into an investment advisory agreement with us, a cash referral fee is paid to the solicitor that is based upon a percentage of client advisory fees that are generated. This referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided. The referral agreements between us and the solicitors are in compliance with regulations as set out in 17 CFR §275.206(4)-3, the Rules under the *Investment Advisers Act of 1940*, and the rules set forth by the respective state jurisdictions.

In addition to compensated solicitor arrangements, we may refer advisory clients to, and may receive referrals from, other professionals (i.e., attorneys, accountants, etc.) on an arms-length basis, meaning that no compensation is paid to or received from any other party with the exception of advisory fees charged to the client.

Some of our initial (and still current) advisory clients are also minority owners of Advisor (total ownership is less than 5%). These owner/clients may act as solicitors and refer prospective clients to us for advisory services. In return for these referrals, once our assets under management reach a certain agreed-upon level, the owner/clients will receive a reduction in the asset management fee charged by us on their managed accounts.

### **Other Compensation**

For additional discussion on other compensation received by Advisor, its owners or its representatives, please see **Item 10, Other Financial Industry Activities and Affiliations** and **Item 12, Brokerage Practices**.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that

client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

We provide management services for you on a discretionary basis. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority. You can place restrictions and guidelines on your account holdings.

Discretionary authority is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account by the account custodian and paid to us. Fee deduction is done pursuant to your prior written authorization provided to the account custodian.

Although we have discretionary authority over managed accounts, it is our philosophy to consult with you before any transactions are made (with the exception of possible re-balancing adjustments).

### **Item 17 – Voting Client Securities**

We do not vote proxies on your behalf. You should read through the information provided with the proxy-voting documents to make a determination based on the information provided. Upon your request, we may offer a clarification or recommendation on one or more issues presented in the proxy voting materials. However, you have the ultimate responsibility for making all proxy-voting decisions.

### **Item 18 – Financial Information**

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for its most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **Business Continuity and Contingency Plan**

We have a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions. Our response to an external business disruption relies more heavily on other organizations and systems.

Our continuity and contingency plan was developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators;
- Review of the contingency plans for the registered representatives' broker/dealer and clearing firm and also sponsors of investment programs utilized by us for client investments; and
- Details on our employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

### **Customer Privacy Policy**

In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* ("GLBA"). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. We do not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

We are committed to safeguarding our clients' confidential information. We hold all personal information provided by you in the strictest confidence and it is our objective to protect the privacy of all clients. Except as permitted or required by law, we do not share confidential information about you with non-affiliated parties. In the event that there were to be a change in this policy, we will provide you with written notice and you will be provided an opportunity to direct us as to whether such disclosure is permissible.

To conduct regular business, we may collect personal information from sources such as:

- Information reported by you on applications or other forms you provide to us
- Information about your transactions implemented by others
- Information developed as part of financial consultations and analyses

To provide related services for client accounts, it is necessary for us to provide access to customer information within the firm and to non-affiliated companies whom we have entered into agreements with. To provide the utmost service, we may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on our behalf:

- Information we receive from the client on applications (name, social security number, address, assets, etc.)
- Information about your transactions with others (account information, payment history, parties to transactions, etc.)
- Information about your financial products and services transaction with us

Since we share non-public information solely to service our clients, we do not disclose any non-public personal information about our customers or former customers to anyone, except as permitted by law.

However, we may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

# **BROCHURE SUPPLEMENT**

**03/30/2012**

**This brochure supplement provides information about Thomas K. Warburton that supplements the Warburton Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact Douglas Scott if you did not receive the Warburton Capital Management, LLC brochure or if you have any questions about the contents of this supplement.**

**Additional information about Thomas K. Warburton is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Thomas K. Warburton**  
Warburton Capital Management, LLC  
15 East 5<sup>th</sup> Street, Suite 3675  
Tulsa, Oklahoma 74103  
Phone: (918) 794-3000

## **Educational Background and Business Experience**

Thomas K. Warburton was born in 1950. He graduated from Indiana University in 1973 with a B.A. in Comparative Religious Studies.

Mr. Warburton has been the managing member of Warburton Capital Management, LLC since July 2006 and an investment advisor representative since November 2006. He has been the Owner and President of Warburton Services, Inc. since January 1978 and a member of WCM-2009-I, LLC since September 2009. In January 2008, Mr. Warburton became the Treasurer of Balmoral Homeowners Association and continues to serve in that position. He was an investment advisor representative with First Capital Management, LLC from June 2006 to March 2007. From February 2004 to June 2006, he was a client advisor with J.P. Morgan Chase.

## **Disciplinary Information**

Thomas K. Warburton has no disciplinary history that is required to be disclosed by the U.S. Securities and Exchange Commission or state regulatory authorities.

## **Other Business Activities**

The combined time spent by Mr. Warburton on activities related to his affiliations with non-advisory businesses take up less than 10% of his work week and are performed outside of normal securities trading hours.

Mr. Warburton is also independently licensed as an insurance agent and may sell insurance products to clients and receive commissions when doing so. This is a potential conflict of interest, since commissions earned could be in addition to advisory fees earned in his capacity as an investment advisor representative. Clients are never obligated or required to purchase insurance products from or through Mr. Warburton and may select any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale.

### **Additional Compensation**

Certain product sponsors may provide Thomas K. Warburton with other economic benefits as a result of his recommending or selling the product sponsors' investments. The economic benefits he receives from product sponsors can include, but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, and tools to assist him in providing various services to clients.

Warburton Capital Management, LLC and Thomas K. Warburton endeavor at all times to put the interest of its clients ahead of their own interests or those of the advisor's officers, directors, or representatives ("affiliated persons"). However, these arrangements could affect Mr. Warburton's judgment when recommending investment products and present a conflict of interest that may affect his judgment.

### **Supervision**

Douglas K. Scott is the Chief Compliance Officer of Warburton Capital Management, LLC. He is responsible for developing, overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives, including Thomas K. Warburton. He can be contacted at (918) 794-3000.

# **BROCHURE SUPPLEMENT**

**03/30/2012**

**This brochure supplement provides information about Douglas K. Scott that supplements the Warburton Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact Douglas K. Scott if you did not receive the Warburton Capital Management, LLC brochure or if you have any questions about the contents of this supplement.**

**Additional information about Douglas K. Scott is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Douglas K. Scott**  
Warburton Capital Management, LLC  
15 East 5<sup>th</sup> Street, Suite 3675  
Tulsa, Oklahoma 74103  
Phone: (918) 794-3000

## **Educational Background and Business Experience**

Douglas K. Scott was born in 1959. He graduated from the University of Arkansas in 1981 with a B.A. in English.

Mr. Scott has been President of Warburton Capital Management, LLC since October 2009 and an investment advisor representative since August of the same year. He was a Senior Vice President with the Bank of Oklahoma from July of 1993 to February of 2009 where he directed the administration and marketing of Bank of Oklahoma's proprietary mutual fund complex- the Cavanal Hill Funds. From 1990 to 1993 he was the Director of Client Services for Andrews, Hentges Consolidated Financial Services. From 1981 to 1990, he was a Campus Staff Member with Intervarsity Christian Fellowship.

## **Disciplinary Information**

Douglas K. Scott has no disciplinary history that is required to be disclosed by the U.S. Securities and Exchange Commission or state regulatory authorities.

## **Other Business Activities**

The combined time spent by Mr. Scott on activities related to his affiliations with non-advisory businesses take up less than 10% of his work week and are performed outside of normal securities trading hours.

## **Additional Compensation**

Certain product sponsors may provide Douglas K. Scott with other economic benefits as a result of his recommending or selling the product sponsors' investments. The economic benefits he receives from product sponsors can include, but are not limited to, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist him in providing various services to clients.

Warburton Capital Management, LLC and Douglas K. Scott endeavor at all times to put the interest of its clients ahead of their own interests or those of the advisor's officers, directors, or representatives ("affiliated persons"). However, these arrangements could affect Mr. Warburton's judgment when recommending investment products and present a conflict of interest that may affect his judgment.

***Supervision***

Douglas K. Scott is the Chief Compliance Officer of Warburton Capital Management, LLC. He is responsible for developing, overseeing and enforcing the firm's compliance programs that have been established to monitor and supervise the activities and services provided by the firm and its representatives, including the managing partner, Thomas K. Warburton. He can be contacted at (918) 794-3000.