

Item 1 – Cover Page

Form ADV Part 2A: *Firm Disclosure Brochure*

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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. 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

Since our last annual amendment, dated January 2023, we have made the following material changes to our Brochure.

Item 15 – Custody – the firm now accepts custody as a result of bill paying services for clients and use of client 401(k) logins.

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

Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	3
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information	8
Item 10 – Other Financial Industry Activities and Affiliations.....	8
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	9
Item 12 – Brokerage Practices	10
Item 13 – Review of Accounts	10
Item 14 – Client Referrals and Other Compensation.....	11
Item 15 – Custody	11
Item 16 – Investment Discretion	12
Item 17 – Voting Client Securities	12
Item 18 – Financial Information	12
Business Continuity and Contingency Plan.....	12
Customer Privacy Policy.....	14

Item 4 – Advisory Business

Ownership

Warburton Capital Management, LLC (“Advisor” or “we”), a registered investment adviser since 2006, became an investment advisor registered with the State of Oklahoma in June 2012 and due to an increase in the assets managed by the firm we have to changed our primary regulatory authority to the U.S. Securities and Exchange Commission as of 2013. The firm is a limited liability company formed under the laws of the State of Oklahoma. The majority owners are Thomas K. Warburton and Blue Sky Bank.

General Description of Primary Advisory Services

We offer personalized investment advisory services including asset management and financial planning services (review and action services, newsletters). 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.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours.

Under this special rule’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

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 personalized 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.

Pension Plan Consulting

We offer pension consulting services to employee benefit plans based upon an analysis of the needs of the plan. These services may include an existing plan review, formation of the investment policy statement, asset allocation advice, investment performance monitoring, and/or communication and education services where we assist the client in providing meaningful information regarding the

retirement plan to its participants. However, we do not have discretion over the administration of the plan or the plan assets. Advice to plan participants is limited to general, impersonal advice.

The scope of these services, the fees, and the terms of the agreement for these services are negotiated on a case-by-case basis with each client depending upon the on the complexity of the plan and the agreement with the client. The terms regarding payment of fees, termination, and refund will be clearly set forth in the agreement executed between our firm and the client.

These accounts are regulated under the Employee Retirement Income Securities Act ("ERISA"). We provide consulting services to the client as described above. The client must make the ultimate decision as to retaining the services of such investment advisers as we recommend. The client is free to seek independent advice about the appropriateness of any recommended services for the plan.

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
- 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 is 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 is 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 client assets managed by us totaled \$582.2 as of February 11, 2024. \$580.9 million managed on a discretionary basis and \$1.3 million 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 and Vanguard), but may also recommend the use of U.S. Treasuries. 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.

A majority of the managed accounts are currently held at Charles Schwab and Co., Inc. (Schwab), 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 Schwab.

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

<u>Account Value</u>	<u>Annual Fee</u>
First \$1,000,000	1.25%
Next \$1,000,001 - \$2,500,000	0.90%
Next \$2,500,001- \$5,000,000	0.70%
Next \$5,000,001 - \$15,000,000	0.50%
Next \$15,000,001 - \$50,000,000	0.40%
Over \$50,000,001 and Above	0.30%

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 monthly in arrears, based on the average daily balance calculations. You can "bundle" or "aggregate" household accounts in order to reach a higher total account value and therefore a lower fee. Accounts opened mid-month 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 Charles Schwab and Co., Inc. (Schwab)

with written authorization to have fees deducted from the account and paid to us. Schwab will send you a monthly statement showing account activity; including any advisory fees deducted from the account. You are urged to review statements received from Schwab and any questions about the statements should be reported to us and/or to Schwab immediately.

The annual fee for investment management services provided are based upon a percentage (%) of the market value of the Assets under management in accordance with the fee schedule in the Agreement signed by the Client. The Client understands that Warburton Capital Management, LLC considers cash to be an asset class and part of Assets under management and subject to the same fee calculation as the Client's non-cash investments.

In addition to the advisory fees we charge, you may incur brokerage commissions and/or transaction fees charged by Schwab. 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. Item 12 further describes the factors that the firm considers in selecting or recommending broker-dealers/custodians for client transactions and determining the reasonableness of their compensation (e.g. commissions).

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.

Pension Plan Consulting

Pension Plan Consulting fees will use the Asset Management fee schedule above, but will be flexible based on a plan-by-plan basis.

Financial Planning Services

Review and Action Services

If you enter into an agreement with us for personalized 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 periodic 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.

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.

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.

WCM generally causes clients to purchase mutual fund shares for which the client pays a transaction charge. Although there may be similar mutual funds available with no transaction fees ("NTF funds"), WCM believes that the overall costs associated with NTF fund shares are generally higher than the transaction charge paid initially by the client. Included in this philosophy is WCM's use of mutual funds within the Dimensional Funds group, which are not NTF funds.

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 Recommend One Type of Security

We primarily recommend mutual funds and exchange traded funds (ETFs). Different fund/ETF categories have different risk characteristics and you should not compare different categories. For example, a bond fund/ETF and a stock fund/ETF that both have below average risk still have different risk/return potential (stock funds/ETFs traditionally have higher risk/return potential). Risks are based on the investments held in the fund/ETF. 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.
- **Geopolitical 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
- An accountant or accounting firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

Blue Sky Bank

Blue Sky Bank ("Bank") is a minority owner of Warburton Capital Management, LLC. In addition, we

have a solicitor relationship with the Bank. As part of this solicitor agreement, the Bank receives referral fees for clients referred to Advisor, but Advisor does not receive fees for any clients referred to the Bank.

Legal Services

Jon Viets, and Andy Johnson, minority owners are also practicing attorneys. Gentner Drummond, owner, of Warburton Capital Management, LLC, is currently the Attorney General of Oklahoma and not a practicing attorney at this time. If you are referred to an attorney for legal services, you are not obligated to use their services. However, if you elect to use their legal services, the legal fees charged are separate from the advisory fees we charge.

National Advisors Trust

Advisor is approved as a Trust Representative Office (“TRO”) of National Advisors Trust Company FSB of Overland Park, Kansas. As a TRO, certified representatives of Advisor are permitted to hold client meetings, offer educational seminars, provide informational brochures, fee schedules and other pre-approved marketing materials promoting Advisor’s access to trust, employee benefit, and other fiduciary services offered by National Advisors Trust Company.

National Advisors Trust does not share fees from client accounts, provide referral compensation, or pay revenue of any kind to Advisor, its principal officers, and employees for its services as a Trust Representative Office.

As a TRO, Advisor and its employees are not authorized to formally accept any client accounts, sign documents, hold client assets in custody, perform discretionary fiduciary duties (other than investment management of client account assets) or collect fees on behalf of National Advisors Trust Company. Warburton Capital Management often facilitates communications between the client and National Advisors Trust, transmit documents for review or signature, or counsel clients on the services provided by National Advisors Trust.

Warburton Capital Management is a less than 1% shareholder of National Advisors Trust. Advisor may recommend or select other investment advisors for its clients.

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

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. We have established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects our fiduciary obligations and those of our supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. We require our supervised persons to consistently act in your best interest in all advisory activities. We impose certain requirements on our affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of our Code of Ethics. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

We buy or sell for our personal accounts investment products identical to those recommended to you. This creates a potential conflict of interest. It is 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.

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 generally require you to establish accounts at Schwab. 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 custodian. There may be other platforms that are less expensive for clients and may provide faster execution capabilities. However, as discussed in Item 8 above, WCM generally causes clients to purchase mutual fund shares for which the client pays a transaction charge.

We are independently owned and operated and not affiliated with Schwab. Schwab 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.

Schwab 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. Schwab may also provide consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab 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 Schwab 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 Schwab. This may create a potential conflict of interest.

Block Trades

There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for another client or one or more of our associated persons.

We may choose to block (aggregate) trades for your account with those of other client accounts and personal accounts of persons associated with Warburton Capital Management. When this occurs, an allocation statement is prepared specifying the client accounts that will participate and the amount each client is to receive, based on client investment goals and objectives. If the aggregated order is only partially filled, it is allocated on a pro rata basis based on the allocation statements. Clients will receive the same price per share for the security or mutual fund purchased. The price is calculated by averaging the price of all of the shares traded. Due to the averaging of price over all of the participating accounts, aggregated trades could be either advantageous or disadvantageous. Commission costs are not averaged. You will pay the same commission whether your trade is placed as part of a block or on an individual basis. The objective of the aggregated orders will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

Item 13 – Review of Accounts

Account Reviews

Managed accounts are reviewed at least quarterly. 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 Portfolio Manager 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 Schwab; the statement also includes the advisory fees deducted from your account. You are urged to review statements received from Schwab, and any questions about the statements should be reported to us and/or to Schwab immediately.

Item 14 – Client Referrals and Other Compensation

Client Referrals

We compensate individuals and/or a firm for client referrals. We will enter into an agreement with the licensed individual or firm and remit a portion of its advisory fees for referrals. This arrangement is fully explained to the client when this situation arises. Client advisory fees are not affected by the referral fees paid to the individual or firm. All solicitors who refer clients will comply with the requirements of the jurisdiction where they operate. When applicable, the solicitor will be licensed as investment advisor(s) or notice filed in the applicable jurisdiction.

It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Other Compensation

We employ/engage solicitors to whom we will pay cash or a portion of the fees paid by the client referred to the firm by those solicitors. All solicitors who refer clients will comply with the requirements of the jurisdiction where they operate. When applicable, the solicitor will be licensed as investment advisors or notice filed in the applicable jurisdiction.

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

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 limited custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts.

For accounts where we are deemed to have limited 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.

You must receive at least quarterly account statements from your qualified custodian. If you are not receiving at least quarterly custodial account statements, please contact us at the number on the cover page of this brochure.

For accounts where the client requests the use of third party SLOAs, the firm is deemed to have custody of client funds or securities. We are not required to obtain a surprise annual examination of client assets; however, we are required to list these accounts in Item 9 of ADV Part 1.

For accounts for which the firm pays bills for clients and has access to a client's 401(k) account using the client's login, the firm now has custody. As a result, the firm undergoes a surprise audit of those accounts annually.

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 and tax loss harvesting).

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.