

# Burford Brothers, Inc.

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## **Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure March 20, 2023**

This wrap fee program brochure provides information about the qualifications and business practices of Burford Brothers, Inc. If you have any questions about the contents of this brochure, please contact us at 214.523.2333, or via email at [charlie@burfordbrothers.com](mailto:charlie@burfordbrothers.com). 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.

Burford Brothers, Inc. is a registered investment advisory firm. Registration of an investment advisory firm does not imply a particular level of skill or training.

Additional information about Burford Brothers, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2

# Material Changes

### Annual Update

The Material Changes section of this Wrap Fee Brochure (“Brochure”) will be updated annually or when material changes occur since the previous release of this brochure. This Item discusses only specific material changes that are made to this brochure and provides our clients with a summary of such changes.

### Material Changes since the Last Update

Since our last annual amendment on April 13, 2022, the following material change was made to the brochure:

- The financial industry affiliation section has been updated in Item 9

### Additional Information

Additional information about Burford Brothers, Inc. is available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with us who are registered or are required to be registered as investment adviser representatives (“IAR”).

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**ITEM 4****Services, Fees, and Compensation****FIRM INFORMATION**

Burford Brothers, Inc. (“Burford Brothers,” “we,” “us,” “our”), a corporation formed in 1984, is a registered investment advisory firm located in Dallas, Texas.

**PRINCIPAL OWNERS**

Burford Brothers is owned and controlled by Charles Scott Burford, Sr., its President, and Charles Scott Burford, Jr. Charles Burford, Jr. is the Chief Compliance Officer.

**WRAP FEE PROGRAM**

Burford Brothers sponsors a Wrap Fee Program. Our Wrap Fee Program is designed to provide ongoing asset management services and investment execution for one all-inclusive fee. This program enables clients to pursue their investment objectives with us as a manager all in one consolidated model portfolio. As part of this service, a portfolio is created, consisting of individual stocks, bonds, exchange-traded funds (“ETFs”), options, mutual funds, and other public securities or investments. Portfolios will be designed to meet a particular investment goal determined to be suitable for the client’s circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored and, if necessary, rebalanced based upon the client’s individual needs, stated goals, and objectives. Clients’ accounts may be managed on a discretionary or non-discretionary basis.

Furthermore, we may determine that opening an account with a third-party manager or sub-advisor is in the client’s best interests. Utilizing a third-party may allow clients to obtain portfolio management services that typically require higher minimum account sizes outside of the program. The manager selected will have the discretion to determine the securities they buy and sell within the account, subject to reasonable restrictions imposed by you. Due to the nature of these programs, each manager is required to provide clients with a separate disclosure document. Clients should carefully review this document for important and specific program details, including details on the charges and fees they will incur.

**Fee Schedule**

We are compensated for providing our Wrap Fee Program by charging an asset management fee. The asset management fee is based on total assets under management.

The below ranges are the standard fee ranges that are typically charged.

Asset Management Wrap Fee Schedule	
First \$2,000,000	0.75%
Next \$2,000,001 - \$20,000,000	0.50%
Next \$20,000,001 +	0.40%

The fee billing will be pre-determined in writing in the investment advisory agreement that is executed by you and Burford Brothers. Wrap Fee Program fees are payable monthly in arrears. Our Wrap Fee Program

fees are annual fees and may be negotiable. Payments are due on the first day of the calendar month and are based on the account's asset value as of the last business day of the prior calendar month multiplied by the applicable annual rate and divided by twelve (12). The fee for the prior month is billed and payable within ten (10) days after the end of the prior month. We may take into account withdrawals and deposits made during the billing period on a prorated basis when determining the account's asset value.

We will deduct our asset management fee only when in receipt of your written authorization by executing an investment advisory agreement permitting the fees to be paid directly from your account. The qualified custodian will deliver an account statement to you at least quarterly, which will show all disbursements from your account. We urge you to review all statements for accuracy.

When utilizing a third-party manager or sub-adviser, they may receive a portion of the fees described above.

Either party may terminate the investment advisory agreement by providing 30-day advance written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable up to and including the effective date of termination.

Notwithstanding the above, if we do not deliver the appropriate disclosure statement to you at least 48 hours prior to you entering into any written or oral advisory contract with this us, then you have the right to terminate the contract without penalty within five (5) business days after entering into the contract.

### **WRAP FEE PROGRAM COSTS**

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. Your fee is bundled with our costs for executing transactions in your account(s). This may result in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

The custodian, Charles Schwab & Co., Inc. ("Schwab"), has eliminated commissions for online trades of equities, ETFs, and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account, please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](https://schwab.com/aspricingguide).

### **OTHER TYPES OF FEES AND EXPENSES**

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange-traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees, fees for trades executed away from the custodian, and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

**ITEM 5**

## Account Requirements and Types of Clients

We provide our investment advisory services to:

- Individuals
- High Net Worth Individuals
- Business Owners
- Trusts or Estates
- Charitable Organizations
- Corporations and/or Other Business Entities
- State or Municipal Government Entities

Our minimum fee for asset management services is 0.40%. Such minimum may be waived on a case by case basis.

**ITEM 6**

## Portfolio Manager Selection and Evaluation

### PORTFOLIO MANAGERS

Our Wrap Fee Program is managed by Burford Brothers; however, there may be instances when we utilize a subadvisor or other third-party manager. In selecting our subadvisor, we want to ensure they bring a broad level of diversification and portfolio construction in an economical manner to accounts of various sizes.

We do not apply any uniform standard to monitor the performance of third-party managers; however, we will monitor the performance and construction of the various portfolios managed. Also, information provided for both historic portfolio and manager performance may not be calculated on a uniform basis.

### ADVISORY BUSINESS

#### Retirement Plan Consulting Services:

We provide advisory services to plan sponsors of employer-sponsored retirement plans for which it has been specifically engaged, in addition to supporting affiliated companies through other non-advisory services to retirement plans for corporations and other business entities as a 3(21) fiduciary. Such advisory services can include selection and/or de-selection and replacement of individual investment options pursuant to agreed investment criteria.

In choosing and monitoring investment options for employer-sponsored retirement plans, we look for reliable fund companies that have a consistent track record and steady performance. Once a fund company is identified for possible selection for a particular retirement plan product, we conduct an in-depth review of the company's operations, funds, and personnel before determining if the company's funds are investment options. Quantitative and qualitative factors such as regional exposure, fund management, and asset size/growth are also evaluated. The fund companies are monitored on a continuous basis at the firm level. We will assist in the construction of the portfolio by ensuring all core

asset classes are covered to offer full diversification opportunities. However, the final decision of which funds to select is up to the plan sponsor and/or consultant.

#### **Third Party Money Management Services:**

We may recommend third-party money managers (“TPMMs”) to manage part or the client’s entire portfolio. TPMMs may be recommended when the TPMMs’ philosophy, investment strategy, and style meets the client’s financial situation, investment objectives, and risk tolerance. The asset management services provided by the TPMMs, the compensation to be paid, and other terms of the relationship between the client and the TPMMs will be described in the TPMMs’ disclosure documents and its managed account agreement. We may receive a portion of the investment advisory fee paid by the client to the TPMMs.

#### **TAILORING OF ADVISORY SERVICES**

Burford Brothers offers the same suite of services to all our clients. However, specific client financial plans and their implementation are dependent upon the individual client’s Investment Policy Statement, which outlines a client’s current financial situation, such as income, net worth, and risk tolerance levels. This information is essential in the development of a client-specific plan in the selection of investments that matches restrictions, needs, and targets. On a case by case basis, our clients may impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent us from properly servicing the client’s account, or if the restrictions would require us to deviate from our standard suite of services, we reserve the right to end the relationship. We may request additional information and documentation such as current investments, tax returns, insurance policies, and estate plan. We will discuss your investment objectives, needs, and goals, but you must inform us of any changes. Unless directed by you, we do not independently verify any information provided to us by you or your attorney, accountant, or other professionals.

#### **PARTICIPATION IN WRAP FEE PROGRAMS**

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc. Generally, we do not manage wrap fee accounts in a different fashion than non-wrap fee accounts; however, certain client accounts may be managed differently based on the size and nature of the account and/or the client’s investment objectives and risk tolerance.

In our wrap fee program, your fee is bundled with our costs for executing transactions in your account(s). This may result in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

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

We do not charge any performance-based fees, which are fees based on a share of capital gains on or capital appreciation of your assets.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

We use various methods of analysis and investment strategies, including the following:

**Charting** - This is a type of technical analysis where we review various charts of market and security activity in an attempt to identify when the market is moving up or down and predicting how long trends may last and when that trends might reverse.

**Fundamental Analysis** – We evaluate economic and financial factors to determine if a security may be underpriced, overpriced, or fairly priced. This method entails assessing a security by attempting to determine its intrinsic value by examining related financial, economic, and other qualitative and quantitative factors. Fundamental analysis requires an in-depth look at all factors that can affect the security's value, from macroeconomic factors (like the overall economy and industry conditions) to individually specific factors (like the financial situation and management of companies). The overall objective of performing the fundamental analysis is to determine a value that an investor can use to determine what sort of position to take with that security. This method of security analysis is contrary to technical analysis. Fundamental analysis involves using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical Analysis** – This method involves the evaluation of securities by performing an analysis of statical information that is generated by market activity, such as past prices and volume. Technical analysis does not attempt to measure a security's intrinsic value but instead use charts and other tools to determine the patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

**Modern Portfolio Theory** - Modern portfolio theory (MPT) is a risk-averse theory that involves the construction of portfolios to maximize and optimize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. According to the theory, it's possible to construct an "efficient frontier" of optimal portfolios offering the maximum possible expected return for a given level of risk.

### Investment Strategies

When formulating investment advice or managing client assets, we will use the following investment strategies. There are inherent risks associated with each of these strategies.

**Long-Term Strategy** - A long-term strategy may not take advantage of short-term gains or may experience more volatility over the life of the portfolio.

**Short-Term Strategy** - A short-term strategy may incur more trading and brokerage costs and runs the risk that certain anticipated market movements do not occur, resulting in the client holding a security for longer than intended.

Your accounts are managed separately with your underlying investment strategies, restrictions, or investment limitations defined within the investment advisory agreement.

## VOTING CLIENT SECURITIES

We do not have the authority to vote proxies as it pertains to the issuers of securities held in your account. The responsibility for voting your securities places increased liability to us and does not add enough value



to the services provided to you to justify the additional compliance and regulatory costs associated with voting your securities.

Therefore, you are responsible for voting all proxies for securities held in accounts managed by us. Typically, our qualified custodian will forward you your proxy information. Although we do not vote your proxies, you can contact us if you have a question about a particular proxy.

## **ITEM 7**

### **Client Information Provided to Portfolio Managers**

We are required to describe the information about you that we communicate to your portfolio manager(s) and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc.) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to when market or economic conditions make it prudent to do so, etc.

## **ITEM 8**

### **Client Contact with Portfolio Managers**

Clients are always free to directly contact us with any questions or concerns they have about their portfolios or other matters. If a subadvisor or third-party manager is utilized, clients will be provided with the disclosure brochure and may contact them accordingly

## **ITEM 9**

### **Additional Information**

#### **DISCIPLINARY INFORMATION**

As of the date of this brochure, we have not been subject to any disciplinary, legal, or regulatory events related to past or present investment clients. There has been no disciplinary, legal, or regulatory events related to us or any of our management persons.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

##### **Financial Industry Activities**

Neither Burford Brothers nor its management persons are registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Burford Brothers nor its management persons are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or commodity trading advisor.

##### **Selection of Other Investment Advisers**

We may recommend or select TPMMs for our clients and receive compensation from the third-party via a fee share; thus, a material conflict of interest exists between our interests and those of our clients in that Burford Brothers has an incentive to direct clients to TPMMs that provide us with a larger fee split. Burford Brothers will always act in the best interest of our clients when making recommendations or selecting TPMMs. The client always has the right to decide whether to act on our recommendations and

whether to utilize the services of the recommended TPMM. The client always has the right to utilize the professional of his or her choice. All TPMMs will be properly licensed and registered as investment advisers in the proper jurisdictions. The fees shared will not exceed any limit imposed by any regulatory agency.

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

### **Code of Ethics**

Burford Brothers has developed a code of ethics that will apply to all of our supervised persons. We and our IARs must act in a fiduciary capacity when providing investment advisory services to you. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Burford Brothers has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle of our code of ethics, which also covers our insider trading, and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will acknowledge that they have read, understand, and agree to comply with our Code of Ethics.

Our Code of Ethics is available to clients and prospective clients upon request.

### **Recommendations Involving a Material Financial Interest**

Neither we nor any related person recommend to clients or buys or sells for clients' accounts securities in which we or a related person has a material financial interest.

### **Participation or Interest in Client Transactions**

There may be instances where an IAR will recommend to investment advisory clients or prospective clients the purchase or sale of securities in which an IAR, its affiliates, or other clients may also have a position or interest. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis. Generally, in such circumstances, the affiliated and client accounts will share execution costs equally. Completed trade orders will be allocated according to the instructions from the initial trade order. Partially filled trade orders will be allocated on a pro-rata basis. Any exceptions will be explained in the trade order.

### **Personal Trading**

Employees are permitted to have personal securities accounts as long as personal investing practices are in line with fiduciary standards and regulatory requirements and do not conflict with their duty to Burford Brothers and our clients. Burford Brothers monitors and controls personal trading through pre-approval of all personal securities transactions or blackout periods imposed upon employees trading in the same securities as Burford Brothers. We forbid any officer or employee, either personally or on behalf of others, to trade on material, nonpublic information or to communicate such information to others in violation of the law.

## **REVIEW OF ACCOUNTS**

### **Periodic Reviews**

We review wrap fee program accounts no less than quarterly. These accounts will be reviewed our team at Burford Brothers. Accounts are reviewed to evaluate asset allocation, investment strategy and objectives, cash balance, and performance, as well as the general economic outlook and current investment trends.

### **Review Triggers**

We conduct periodic reviews to evaluate current market, economic and political events and how these may affect client accounts. Additional reviews may be triggered by these events or by events in the client's financial or personal status.

### **Regular Reports**

Wrap fee program clients will receive advisory account reports no less than quarterly. These reports show asset value by cash balances, security, unit cost, total cost, current per share values, etc. Clients are urged to review the quarterly reports provided by us with those provided by their custodian and notify us of any differences. Clients are encouraged to phone or email us as often as they deem necessary to receive information regarding the investment tactics and strategies being followed.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

We do not pay, nor do we receive compensation to referral clients to third parties.

### **Products & Services Available to Us From Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis and at no charge to us as long as we maintain a total of at least \$10 million of our clients' assets in accounts at Schwab.

### **Services that Benefit Client**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access, or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients or their account(s).

### **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);

- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through Schwab, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

## **FINANCIAL INFORMATION**

We are not required to include a balance sheet for our 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 our clients.

We are currently not in, nor have been historically in a financially precarious situation or the subject of a bankruptcy petition.