

# Disclosure Brochure

March 31, 2024

## **Burgeon Capital, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Burgeon Capital, LLC (hereinafter "Burgeon Capital"). If you have any questions about the contents of this brochure, please contact Brian Fralin at (432) 218-6199. 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 Burgeon Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Burgeon Capital, LLC is a state registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This section would include only ***specific material changes*** made to the Burgeon Capital, LLC ADV Part 2A Brochure dated 3/31/23 which was previously filed with the SEC and State and given to our clients. Certain sections of the most recent version of the ADV 2A Brochure which is dated 3/31/24 have been updated and filed with the SEC and State of Texas. Most of the changes have not been deemed to be material in nature and have therefore been omitted from the summary.

Pursuant to SEC and State Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year which is December 31st. We will continue to provide you with disclosure information about material changes as necessary, and our most current Brochure may be requested at any time, without charge, by contacting Brian Fralin at (432) 218-6199.

Additional information about Burgeon Capital, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Burgeon Capital, LLC is 160484. The SEC's web site also provides information about any persons affiliated with Burgeon Capital who are registered, or are required to be registered, as investment adviser representatives.

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## Item 4. Advisory Business

Burgeon Capital provides financial planning, consulting, and investment management services in a fiduciary capacity under Section 206 of the Advisers Act in its dealing with clients. Prior to engaging Burgeon Capital to provide any investment advisory services, the client is required to enter into one or more written agreements with Burgeon Capital setting forth the terms and conditions under which Burgeon Capital renders its services (collectively the “*Agreement*”).

The firm began to conduct advisory business in March 2012 and is owned by Fralin Management, LP, which is primarily owned by Brian Fralin. As of 12/31/23, Burgeon Capital had \$23,687,676 in assets under management on a discretionary basis and \$32,948,216 in assets under management on a non-discretionary basis.

This Disclosure Brochure describes the business of Burgeon Capital. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Burgeon Capital's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Burgeon Capital's behalf and is subject to Burgeon Capital's supervision or control.

### **Financial Planning and Consulting Services**

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Burgeon Capital may provide its clients with a broad range of comprehensive financial planning and consulting services. These services are customized based on the individual needs of the client, but may include retirement planning, education planning, estate planning, business and succession planning, insurance risk management planning, tax planning, cash flow and budget planning, asset allocation strategies, and balance sheet development. These services may be included as part of Burgeon Capital's investment management services, described below. Burgeon Capital may also utilize the services of a third party for preparation of all or a portion of the financial plan.

In performing its services, Burgeon Capital is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Burgeon Capital may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Burgeon Capital recommends its own services. The client is under no obligation to act upon any of the recommendations made by Burgeon Capital under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Burgeon Capital itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Burgeon Capital's recommendations. Clients are advised that it remains their responsibility to promptly notify Burgeon Capital if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Burgeon Capital's previous recommendations and/or services.

## **Investment Management and Wealth Management Services**

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Clients can engage Burgeon Capital to manage all or a portion of their assets on a discretionary or non-discretionary basis. In addition, Burgeon Capital may provide clients with wealth management services which may include the financial planning services described above in addition to portfolio management.

As further described in Item 8 below, Burgeon Capital primarily allocates clients' investment management assets among mutual funds, but may also incorporate exchange-traded funds ("ETFs"), individual debt and equity securities in accordance with the investment objectives of the client. In addition, Burgeon Capital may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. Burgeon Capital also provides advice about any type of investment held in clients' portfolios.

Burgeon Capital also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In doing so, Burgeon Capital either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Burgeon Capital tailors its advisory services to the individual needs of clients. The firm consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Burgeon Capital ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Burgeon Capital if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Burgeon Capital's management services. Clients may impose reasonable restrictions or mandates on the management of their account if, in Burgeon Capital's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## **Use of Independent Managers**

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Burgeon Capital may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*") based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Burgeon Capital or the client and the designated *Independent Managers*. Burgeon Capital would render services to the client relative to the discretionary and/or non-discretionary selection or recommendation of the *Independent Managers*. Burgeon Capital would also monitor and review the account performance and the client's investment objectives. If the client engages an *Independent Manager* recommended by Burgeon Capital, we will receive an annual advisory fee based upon a percentage of the market value of the assets being managed by the recommended *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, Burgeon Capital reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that Burgeon Capital considers in recommending an *Independent Manager* would include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Burgeon Capital's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Burgeon Capital, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to Burgeon Capital's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Burgeon Capital. In such instances, Burgeon Capital may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

## **Item 5. Fees and Compensation**

Burgeon Capital offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of Burgeon Capital's *Supervised Persons*, in their individual capacities, may offer insurance products under a commission arrangement.

### **Financial Planning and Consulting Fees**

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For ongoing investment management clients, Burgeon Capital generally includes financial planning as part of its investment management fee. For clients who require additional financial planning or consulting services, or those clients that are not ongoing investment management clients, Burgeon Capital may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$20,000 on a fixed fee basis and/or from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering of the financial planning and/or the consulting services. Generally, Burgeon Capital requires one-half of the financial planning / consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services. If the client engages Burgeon Capital for additional investment advisory services, Burgeon Capital may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

For clients who want to engage the firm on an ongoing retainer basis, the firm may charge a fixed fee up to \$60,000, which would be prorated and billed quarterly in advance. The terms of the retainer relationship, including scope of services to be provided, are set forth between the firm and the individual client. Prior to engaging Burgeon Capital to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Burgeon Capital setting forth the terms and conditions of the engagement.

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## **Investment Management Fee**

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Burgeon Capital provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Burgeon Capital and assets being managed among certain independent investment managers ("*Independent Managers*"). Burgeon Capital's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Burgeon Capital does not, however, receive any portion of these commissions, fees, and costs. Burgeon Capital's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Burgeon Capital on the last day of the previous quarter. The annual fee varies (between 0.30% and 1.50%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

Burgeon Capital, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.). Burgeon Capital has no such authority to negotiate the management fee charged by any *Independent Managers*.

## **Fees Charged by Financial Institutions**

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As further discussed in response to Item 12 (below), Burgeon Capital generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

Burgeon Capital may only implement its investment management recommendations after the client has arranged for and furnished Burgeon Capital with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, any other broker-dealer recommended by Burgeon Capital, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees, 12b-1 fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Burgeon Capital's fee.

Burgeon Capital's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Burgeon Capital or *Independent Managers* to debit the client's account for the amount of Burgeon Capital's fee and to directly remit that management fee to Burgeon Capital and/or the *Independent Managers*. Any *Financial Institutions* recommended by Burgeon Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Burgeon Capital and Independent Managers. Alternatively, clients may elect to have Burgeon Capital send an invoice for payment.



## **Fees for Management During Partial Quarters of Service**

For the initial period of investment management services, the fees are calculated on a pro rata basis. The Agreement between Burgeon Capital and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Burgeon Capital's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Burgeon Capital's right to terminate an account. Additions may be in cash or securities provided that Burgeon Capital reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Burgeon Capital, subject to the usual and customary securities settlement procedures. However, Burgeon Capital designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Burgeon Capital may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

***If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.***

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Burgeon Capital does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7. Types of Clients**

Burgeon Capital provides its services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

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

### Methods of Analysis

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Burgeon Capital's primary methods of analysis are fundamental.

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

### Investment Strategies

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When developing an asset allocation strategy for a particular client, Burgeon Capital first has a discovery meeting with the client. Through this meeting, the firm seeks to obtain a holistic view of the client's financial situation, which includes the client's risk tolerance and goals. The firm may then develop an initial financial plan for the client, but views the financial planning portion of the process to be ongoing in nature. The firm then implements a portfolio for the client that is primarily comprised of mutual funds, but Burgeon Capital may also incorporate ETFs, individual stocks, bonds, and alternative investments.

### Risks of Loss

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

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market

Volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Market Risks*

The profitability of certain of Burgeon Capital's recommendations may depend upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Burgeon Capital will be able to predict those price movements accurately.

#### *Use of Independent Managers*

Burgeon Capital may recommend the use of *Independent Managers* for certain clients. Burgeon Capital will continue to do ongoing due diligence of such managers, but such recommendation relies, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, Burgeon Capital does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

#### *Use of Private Collective Investment Vehicles*

Burgeon Capital may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## Item 9. Disciplinary Information

Burgeon Capital is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Burgeon Capital does not have any required disclosures to this Item.

## Item 10. Other Financial Industry Activities and Affiliations

Burgeon Capital is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Burgeon Capital has described such relationships and arrangements below.

### **Receipt of Insurance Commission**

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Certain of Burgeon Capital's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Burgeon Capital does not sell such insurance products to its investment advisory clients, Burgeon Capital does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Burgeon Capital recommends the purchase of insurance products where Burgeon Capital's *Supervised Persons* receive insurance commissions or other additional compensation.

### **Additional Business Relationships and Fee Arrangements with Independent Managers**

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As discussed above, Burgeon Capital may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain *Independent Managers*. Burgeon Capital is required to disclose if its compensation is included in the advisory fee charged by such *Independent Managers* or if it has any other business relationships with the independent managers. Burgeon Capital has no disclosures to this Item.

## Item 11. Code of Ethics

Burgeon Capital and persons associated with Burgeon Capital ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Burgeon Capital's policies and procedures. Burgeon Capital has adopted a code of ethics ("*Code of Ethics*") made up of its personal securities transaction and insider trading policies and procedures. When Burgeon Capital is purchasing or considering for purchase any security on behalf of a client, no *Covered Person* (as defined below) may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Burgeon Capital is selling or considering the sale of any security on behalf of a client, no *Covered Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

Unless specifically defined in Burgeon Capital's procedures (summarized above), neither Burgeon Capital nor any of Burgeon Capital's Associated Persons may effect for himself or herself, for an Associated Person's immediate family (i.e., spouse, minor children, and adults living in the same household as the Associated Person), or for trusts for which the Associated Person serves as a trustee or in which the Associated Person has a beneficial interest (collectively "*Covered Persons*"), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Burgeon Capital's clients.

The foregoing policies and procedures are not applicable to (a) transactions effected in any account over which neither Burgeon Capital nor any of its *Supervised Persons* (as defined in this Form ADV) has any direct or indirect influence or control; and (b) transactions in securities that are: direct obligations of the government of the United States; bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of Burgeon Capital's clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. Burgeon Capital will maintain records of these trades, including the reasons for any exceptions.

In accordance with Section 204A of the Advisers Act, Burgeon Capital also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by Burgeon Capital or any of its *Supervised Persons*.

Clients and prospective clients may contact Burgeon Capital to request a copy of its *Code of Ethics*.

## **Item 12. Brokerage Practices**

As discussed above, in Item 5, Burgeon Capital generally recommends that clients utilize the brokerage and clearing services of *Schwab*.

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

The commissions paid by Burgeon Capital's clients comply with Burgeon Capital's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Burgeon Capital determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Burgeon Capital seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Burgeon Capital periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

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

Transactions for each client generally will be effected independently, unless Burgeon Capital decides to purchase or sell the same securities for several clients at approximately the same time. Burgeon Capital may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Burgeon Capital’s clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Burgeon Capital’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Burgeon Capital determines to aggregate client orders for the purchase or sale of securities, including securities in which Burgeon Capital’s *Supervised Persons* may invest, Burgeon Capital generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Burgeon Capital does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Burgeon Capital determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Burgeon Capital may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Burgeon Capital in its investment decision-making process. Such research generally will be used to service all of Burgeon Capital’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing

that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Burgeon Capital does not have to produce or pay for the products or services.

### **Software and Support Provided by Financial Institutions**

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Burgeon Capital may receive from *Schwab*, without cost to Burgeon Capital, computer software and related systems support, which allow Burgeon Capital to better monitor client accounts maintained at *Schwab*. Burgeon Capital may receive the software and related support without cost because Burgeon Capital renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit Burgeon Capital, but not its clients directly. In fulfilling its duties to its clients, Burgeon Capital endeavors at all times to put the interests of its clients first. Clients should be aware; however, that Burgeon Capital's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Burgeon Capital's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Burgeon Capital may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Item 13. Review of Accounts**

For those clients to whom Burgeon Capital provides investment management services, Burgeon Capital monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Burgeon Capital provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by the Principal of Burgeon Capital. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Burgeon Capital and to keep Burgeon Capital informed of any changes thereto. Burgeon Capital contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom Burgeon Capital provides investment advisory services will also receive a report from Burgeon Capital that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance not less than annually. Clients should compare the account statements they receive from their custodian with those they receive from Burgeon Capital.

Those clients to whom Burgeon Capital provides financial planning and/or consulting services will receive reports from Burgeon Capital summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Burgeon Capital.

## Item 14. Client Referrals and Other Compensation

Burgeon Capital is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services.

Burgeon Capital may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

In addition, Burgeon Capital is required to disclose any direct or indirect compensation that it provides for client referrals. The firm does not provide compensation for client referrals.

## Item 15. Custody

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

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

Burgeon Capital has executed Standing Letters of Authorization giving us the ability to transfer assets from certain identified client accounts held at the custodian (*Schwab*) to locations or accounts held outside the customer account with *Schwab*. This practice has been deemed by the SEC to constitute limited custody of those client assets. In order to avoid the related examination requirements pursuant to SEC Rule 206(4)-2, Burgeon Capital and *Schwab* have adopted procedures necessary to comply with the SEC No Action Letter of 2017. The procedures include, but are not limited to, initial and annual written notifications to you identifying accounts covered by the SLOA and instructions on how you can amend or revoke such authorization.

## Item 16. Investment Discretion

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

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



## Item 17. Voting Client Securities

Burgeon Capital is required to disclose if it accepts authority to vote client securities. Burgeon Capital does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

## Item 18. Financial Information

Burgeon Capital does not require or solicit the prepayment of more than \$500 in fees six months or more in advance. In addition, Burgeon Capital is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Burgeon Capital has no disclosures pursuant to this Item.

## Item 19. Requirements for State Registered Investment Advisors

### Principal Executive Officers and Management Persons

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Below is the formal education and business background of Burgeon Capital's principal executive officer, Mr. Brian L. Fralin, Born 1980.

#### Post-Secondary Education

University of Texas, Dallas | Masters, Accounting and Information Systems | 2006

Texas Tech University | Bachelors, Personal Financial Planning | 2003

#### Recent Business Background

Burgeon Capital, LLC | President | 03/2012 – Present

WDMG Real Estate, LLC | Manager | 10/2022 – Present

F5 Family Holdings, LLC | President | 03/2010 - Present

Solutions Auto Wash, LLC | President | 03/2010 - Present

Bendito Holdings, LLC | Manager | 03/2016 - Present

Permian Ice House, LP, DBA Permian Basin Ice House |

Owner/Partner | 11/2010 - Present

Tessa Management, Inc. | Share Holder/President | 01/2012 -Present

Fralin Management, LP | Owner/Partners | 02/2012 - Present

PBIH, LLC | President | 08/2013 - Present

Oasis Icehouse, LLC | President | 08/2013- Present

Neptune Rentals, LLC | President | 06/2013 - Present

The Way Retreat Center | President | 06/2014 - 05/2018

Carter Financial Management | Wealth Manager | 02/2009 - 03/2012

Seventeen Seven Industries, LLC | President | 01/2008 - 11/2008

Bank Compensation Consulting, Inc. | Consultant | 06/2006 - 1/2008

Mr. Fralin is not compensated for advisory services with performance-based fees. In addition, neither Burgeon Capital nor Mr. Fralin have been the subject of the type of disciplinary events noted in the instructions to Item 19. Neither Burgeon Capital nor any of its *Supervised Persons* have a relationship or arrangement with any issuers of securities not disclosed in response to Item 10 (above).



**Burgeon Capital, LLC**

*a Registered Investment Adviser*

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