



Investments that Adapt to Changing Markets®

Item 1 – Cover Page

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March 29, 2011

This Brochure provides information about the qualifications and business practices of HEPBURN CAPITAL MANAGEMENT, LLC [“ADVISER”]. If you have any questions about the contents of this Brochure, please contact us at (928) 778-4000 or info@HepburnCapital.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.

HEPBURN CAPITAL MANAGEMENT, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about HEPBURN CAPITAL MANAGEMENT, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Material changes made since our last Annual Update on March 29, 2011 are described below:

Strategies offered to clients have been realigned to:

Drop Municipal as a standalone strategy. Municipals can now be requested by the client as a restriction on the Traditional Income strategy,

Add Traditional Income as a new strategy. It is a sub-set of Flexible Income using a more conservative mix of investments.

Change the former “Balanced” strategy which utilized a strict 50/50 blend of income and growth strategies to allow it a more flexible blend that uses a maximum of 50% growth and may use less. The name has been changed to Adaptive Balance to mark this change.

Added Equity, a capital appreciation strategy that uses equity investments and a money market fund, avoiding debt investments.

The new line up of strategies offered is described on page **Error! Bookmark not defined.** of this Brochure.

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Item 4 – Advisory Business

The Company

Hepburn Capital Management LLC, is an independent, fee based, SEC-Registered Investment Adviser.

Hepburn Capital Management, LLC is also known as Hepburn Capital, often abbreviated in our materials as HCM.

HCM first became registered as an Investment Advisor with the State of Arizona on January 2, 2003. The firm changed to SEC registration on November 28, 2008 when the firm was named as the manager of The Kids Fund, a registered mutual fund. It is anticipated that during 2011, registration will be migrated back to the State of Arizona as a result of changes mandated in the Dodd-Frank Act.

William T. (Will) Hepburn is the President and principal owner of the firm and is responsible for all investment decisions. The firm is not affiliated with any other firm, nor does it engage in any other business activity.

Our Services

HCM provides discretionary investment management services for individuals, trusts, retirement accounts, for-profit and non-profit corporations and foundations employing a flexible style of investing designed to Adapt to Changing Markets® and which is more fully described below.

We believe that good long-term investment results are best achieved through the avoidance of major losses and the compounding of reasonable gains. We strive to miss the majority of significant market declines and capture the majority of major market up-trends to both protect client assets and to achieve greater than market growth for long-term investors.

Our goal is to develop long-term relationships with our clients and personalized investment advice is a central part of each client experience at HCM. The process of becoming an HCM client begins with a free, no obligation consultation to determine your investment goals and aspirations, comfort (or lack of comfort) with risk, and address any questions you might have. At the end of this meeting, you will be given a cost estimate of our services, investment recommendations and an understanding of the HCM investment process, and whatever else you might need to make an informed decision about our investment management services.

Guided by your stated objectives, with consideration given to your liquidity needs, risk tolerance, overall investment goals and personal considerations, HCM provides investment supervisory services by making recommendations consisting of one or more investment programs. The

programs may include, but are not limited to, HCM managed programs in which you may choose one or more investment objectives from the selection offered, and HCM then provides continuous, ongoing advice on which strategies to employ, which securities to buy or sell and when to execute trades to pursue the stated objective.

Clients are free to contact their HCM representative at any time.

The primary investment vehicles for these strategies are registered mutual funds, variable annuity/life sub-accounts, exchange traded funds, and publicly traded equities and debt securities.

Several of the strategies offered involve daily analysis of each investment held. Although daily repositioning of assets is possible during times of market turbulence, the average holding period for investments in HCM managed accounts can be measured in weeks or months.

In certain circumstances, such as accounts for which discretionary supervisory services are not required, non-supervisory or limited management services may be offered at HCM's discretion as an accommodation to the client.

Blended mixes of various HCM strategies can be used to accommodate a wide range of client objectives.

Clients may impose restrictions on investing in certain securities or types of securities. If such restrictions are impractical in light of the objective to be pursued, such as a restriction against owning stocks in a growth account, the adviser will notify the client and either the restriction will be waived, another objective will be selected by the client or the client will be referred to another advisory firm.

Model Accounts: HCM uses model accounts for strategic allocation decisions and performance tracking that, due to order execution differences, security availability among different custodians, allocation differences, cash requirements or other holdings of the client or billing fees from multiple accounts to a single account, may reflect different results than client accounts.

HCM and its IARs are not licensed insurance agents or securities brokers, nor does it offer financial planning, tax or estate planning services. In certain situations, HCM may advise in these areas when requested in writing by the client when the IARs experience in that area is relevant to the client's request.

Hepburn Capital Management does not offer a "Wrap Fee" program.

As of December 31, 2010 Hepburn Capital Management had \$29,824,497 discretionary assets under management in 198 accounts for 88 clients and approximately \$900,000 of non-discretionary managed assets.

Item 5 – Fees and Compensation

For HCM managed programs involving discretionary supervisory services for separately managed accounts, the annual investment management fee is a blended rate which ranges from a maximum rate of 2.5% of assets under management on smaller amounts to a rate of .75% of assets under management on larger amounts, as shown below.

Non-discretionary service fees range from 1.00% on smaller accounts to .16% on larger accounts.

Account Fees are a blended rate based upon the following schedules.

Traditional Income, Flexible Income, Balanced, Careful Growth or Equity (discretionary) strategies:

From	To	Base Annual Fee	Plus
\$0	\$250,000	\$0	2.50% of assets
\$250,001	\$500,000	\$6,250	2.00% of amount over \$250,000
\$500,001	\$1,000,000	\$11,250	1.50% of amount over \$500,000
\$1,000,001	\$3,000,000	\$18,750	1.25% of amount over \$1,000,000
\$3,000,001	\$5,000,000	\$43,750	1.00% of amount over \$3,000,000
\$5,000,001	\$10,000,000	\$63,750	0.90% of amount over \$5,000,000
\$10,000,001	\$25,000,000	\$108,750	0.80% of amount over \$10,000,000
\$25,000,001	and up	\$228,750	0.75% of amount over \$25,000,000

Minimum fee: \$500 per month.

Municipal Bond and Cruise Control quarterly repositioning (discretionary) strategies:

From	To	Base Annual Fee	Plus
\$1	\$500,000	0	1.25% of assets
\$500,001	\$1,000,000	\$6,250	1.00% of amount over \$500,000
\$1,000,001	\$3,000,000	\$11,250	0.75% of amount over \$1,000,000
\$3,000,001	\$5,000,000	\$26,250	0.60% of amount over \$3,000,000
\$5,000,001	and up	\$38,250	0.50% of amount over \$5,000,000

Minimum fee: \$500 per month.

Portfolio Assistance Fees (non-discretionary):

From	To	Base Annual Fee	Plus
\$0	\$100,000	\$0	0.50% of assets
\$100,001	\$250,000	\$500	0.40% of amount over \$100,000
\$250,001	\$500,000	\$1,100	0.35% of amount over \$250,000

\$500,001	\$1,000,000	\$1,975	0.30% of amount over \$500,000
\$1,000,001	\$2,000,000	\$3,475	0.25% of amount over \$1,000,000
\$2,000,001	\$5,000,000	\$5,975	0.20% of amount over \$2,000,000
\$5,000,001	\$10,000,000	\$11,975	0.18% of amount over \$5,000,000
\$10,000,001	and up	\$20,975	0.16% of amount over \$10,000,000

Minimum fee: \$15 per month.

HCM has a minimum monthly fee of \$500 for actively managed accounts. The minimum fees are generally not cost effective for account sizes less than \$250,000 (\$500,000 for Municipal bond or quarterly rebalancing accounts). However, minimum fees are negotiable for extenuating circumstances and, at HCM's discretion, may be waived entirely for local not-for-profit agencies.

These rates may be discounted for inactive assets held within a managed account, or for less actively managed strategies. Fees are negotiable for extenuating circumstances.

Rates used are blended rates calculated from the schedules shown above. Client affinity groups such as families, domestic partners or friends may, at HCM's discretion, have their accounts aggregated for purposes of determining the billing rate for fees.

Formula for Calculating Fees: Fees are billed quarterly in advance. The annual investment management fee is divided by four and that percentage is applied to the value of assets under management at the end of the previous quarter. Fees for HCM managed programs are normally billed at the beginning of the quarter in which services are delivered. However, in no case is a fee greater than \$500 paid for more than 3 months in advance. When billing for less than a full quarter, fees are prorated based upon a 365 day year and the actual number of days in which assets, including money market assets, were managed by HCM. Such account management typically begins upon the date of the client agreement even if this is prior to actual receipt of assets in a client account, and may continue during the Notice Period, described below, when HCM is servicing the account pending its transfer out.

Investment management fees are not performance related. No rebate will be given during times of poor performance, and no extra charge or profit sharing will be assessed in times of high performance.

HCM uses money market funds and cash defensively and tactically in its management process. Assets invested in money market funds are subject to HCM's management fee.

Hourly fees may be charged in addition to investment management fees when responding to client requests for additional service, information or account review services requested by the client more frequently than annually. Hourly fees range from \$60 per hour for administrative personnel to \$250 per hour for portfolio managers.

Adjustment of Fees: The percentage fee will be established at account set-up and is based upon an estimate of the account values to be managed. Whenever there is a change in the value of the accounts being managed large enough to potentially create a new billing rate either the client or HCM may request that the percentage fee be recalculated to bring the fee into conformance with the then current fee schedule. Automatic or continual recalculation is not currently available.

Administrative set-up fees ranging from \$250 for smaller accounts to \$500 for larger accounts may be charged at the discretion of HCM. Set-up fees, if charged, are one-time only fees to cover a greater than normal time spent in initial reviews of client objectives, transferring assets, asset allocation recommendations, research, or other items incidental to setting up new accounts. Set-up fees, if charged, will be identified in the client agreement.

Fees are deducted directly from client accounts and reported on the client's regular statement from the custodian. Authority for this deduction is given by each client within HCM's client agreement.

Termination of Services: Managed account agreements are entered into on an at-will basis and remain in effect indefinitely until canceled by either party in writing. The date a written termination instruction is received is the "Notice Date".

Termination of the advisory relationship will occur as soon as reasonably practicable during the 30-day period subsequent to the Notice Date (the "Notice Period"). During the Notice Period, the client assumes risk of market changes and potential losses. HCM is not liable for direct or consequential damages or opportunity losses during the Notice Period. When notification from the client is not first received directly by HCM but is received indirectly through the receipt of transfer instructions by the custodian, the client account may be frozen by the custodian pending completion of the transfer, precluding HCM from further servicing the account. The client assumes risk of market changes and potential loss subsequent to an account being frozen by the custodian.

Upon termination, any fees already paid to HCM, with respect to the billing period in which termination occurs, will be pro-rated and unearned fees promptly refunded to the client. There is no minimum term of service required and no termination fees charged by HCM. Certain accounts may be charged annual IRA maintenance fees and/or termination fees by the account custodian upon termination. These fees are detailed in the custodial agreements that are provided when accounts are opened.

Other Fees: Fees described above are in addition to fees charged by the various investment sponsors. These may include 12b/1 charges, commission "loads," mortality and expense charges, underlying fund charges, or contract charges assessed by the investment sponsor that are in addition to fees charged by HCM. Some "no-load" funds charge the client 12b/1 fees. Generally, investments will be selected for current performance net of all fees, without regard to their underlying expenses.

Certain charges by investment custodians or brokerage firms, including, but not limited to, transaction processing charges (sometimes called ticket charges), annual IRA accounting fees, costs associated with check writing or delivery, reorganization fees, account termination charges, issuance of certificates, overnight delivery charges, and account research charges are in addition to the fees charged by HCM.

HCM does not offer a "Wrap Fee" program in which these fees may be bundled into a single portfolio management fee. We choose not to utilize this because of the conflicts of interest which may inhibit investment decision making that are inherent in wrap fee programs.

Certain of HCM's fees may be considered high by industry standards, and reflect the intensive nature of our management services. Other firms may provide similar services at lower rates.

HCM and its IARs do not receive revenue from commissions or other compensation from the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. However, in certain cases a recommendation may be made to the client to use a particular investment that may entail custodial paperwork (ticket) charges, normally included in the term commission, rather than another no-load, no-transaction-fee investment. HCM receives no part of these ticket charges.

Ticket Charges: In general, transactions within investment management programs will not have commissions charged, but there may be transaction processing related "ticket" charges by the custodians that are billed to the client. Ticket charges and other custodial fees may be higher at custodians that allow frequent trading, than those which do not. From time to time, short term redemption fees are incurred in client accounts. These are not commissions and HCM receives no net revenue from these fees. Ticket charges incurred by HCM clients may be either higher or lower than those available at other broker/dealers.

Advisory clients who purchase mutual funds, variable annuities or variable life insurance will pay investment advisory fees to HCM as well as fees to the sponsors and investment managers of the mutual funds, variable annuities or variable life insurance policies that may include investment advisory fees and investment distribution expenses. In addition, the clients will pay certain administrative fees and insurance fees in connection with the variable annuities or variable life insurance policies. Clients may purchase many of these investments directly from the investment sponsors without using the services of HCM.

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

To avoid conflicts of interest that might cause the manager to favor accounts from which HCM might receive a performance-based fee, HCM does not offer performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

HCM clients are primarily individuals, trusts, retirement accounts and charitable institutions. Although Hepburn Capital has managed mutual funds in the past, it is not currently a mutual fund manager.

There are no minimum account size requirements, however HCM's minimum fee becomes less cost effective for clients whose total account values are less than \$250,000. HCM provides a "volume discount" for the purpose of calculating fees by aggregating the value of multiple accounts within families or their circles of friends.

Minimum fees are negotiable for extenuating circumstances (see Item 5) and in HCM's discretion may be waived entirely for local non-profit organizations.

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

HCM employs flexible investment strategies that combine both fundamental ("bottom-up") and technical ("top-down") analysis to manage investments. We use all asset classes, both long and short in pursuing various investment objectives.

Strategies Offered: HCM may offer individual clients a number of proprietary and discretionary investment strategies, including, but not limited to:

Traditional Income strives for total return exceeding that of 6-month CDs, by rotating among bond funds and ETFs, inverse funds and a money market fund, avoiding stocks completely.

The Flexible Income Strategy strives for total return exceeding that of the Vanguard Total Bond Market Index Fund. It rotates between income-producing funds, ETFs, currency funds including precious metals that may be surrogate currencies, income stocks, inverse funds and a money market fund, while avoiding growth stocks.

The Adaptive Balance Strategy seeks high total return exceeding that of a 50/50 blend of the S&P 500 and the Vanguard Total Bond Market Fund using a flexible balance of growth and income investments with the emphasis on income investments.

Careful Growth seeks high total return exceeding that of the S&P 500 Index using a flexible blend of income and growth investments, emphasizing growth.

The Equity strategy seeks capital appreciation using stocks, stock mutual funds and ETFs, both foreign and domestic, inverse funds and a money market fund.

Blended mixes of the above strategies may be used to accommodate a wide range of objectives.

Socially Responsible Investments can be the focus of certain of these strategies.

Cruise Control quarterly repositioning advice may be offered for use with assets that may not be held with a primary custodian of HCM or has limited trading or investment selection available. At least once each quarter, HCM will provide to the client generic asset allocation instructions for these accounts.

HCM's primary investment style is "trend following". We determine the direction of the operative trend for any particular investment, market sector, market segment or market in general and position client assets striving to profit from that trend. HCM does not try to time markets by picking market tops or bottoms, but strives to determine the current direction of the market - up, down or moving sideways - and participate in a way that is planned to benefit from the current state of the market. There is no assurance that the current state of the market as identified by HCM analysis will not change or that the HCM analysis will accurately capture the state of the market potentially causing decisions to be ineffective or produce losses.

All of HCM strategies involve investing in securities and therefore involve the risk of loss of the client's principal that clients should be prepared to bear.

Mutual Fund & Exchange Traded Fund Risk: There are specific risks involved in the management of mutual funds and Exchange Traded Funds which are described in detail in their prospectus. In general, ETFs and mutual funds expose the investor to the strategy-specific risk of the fund.

Market Risk: Stock markets can be volatile. In other words, the prices of stocks can fall rapidly in response to developments affecting a specific company or industry, or to changing economic, political or market conditions. Investments may decline in value if the stock markets perform poorly. There is also a risk that the investments recommended by HCM will underperform either the securities markets generally or particular segments of the securities markets.

Portfolio Turnover Risk: Portfolio turnover refers to the rate at which investments are replaced. The higher the rate, the higher the transactional and brokerage costs associated with the turnover which may reduce the return, unless the securities traded can be bought and sold without corresponding commission costs. Active trading of securities may also increase your realized capital gains or losses, which may affect the taxes you pay.

Foreign Risk: Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. Special risks associated with investments in foreign companies include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability, differing auditing and legal standards.

Small and Medium-Size Company Risk: Small and medium size companies may have narrower markets and more limited managerial and financial resources than do larger, more established

companies. As a result, their performances can be more volatile and they may face a greater risk of business failure.

Issuer-Specific Risk: The value of a specific security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. The value of securities of smaller issuers can be more volatile than that of larger issuers. The value of certain types of securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments.

Short Selling Risk: Positions (purchases) in shorted securities are speculative and more risky than "long" positions (purchases) because the cost of the replacement security is unknown. Therefore, the potential loss on the short sale is unlimited, whereas the potential loss on long positions is limited to the original purchase price. Any strategy that includes selling securities short could suffer significant losses. Short selling will also result in higher transaction costs (such as interest and dividends), which reduce return, and may result in higher taxes.

Derivatives Risk: Investments in futures and options are considered "derivative" investments. A small investment in derivatives could have a potentially large impact on performance. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that the hedging technique will fail if changes in the value of a derivative held do not correlate with the portfolio securities being hedged.

Put and Call Options Risk: There are risks associated with the sale and purchase of call and put options. A seller (writer) of a covered call option, assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the option is uncovered, and the Seller must purchase the security at the current market price because the option is exercised, the loss could be significant. The buyer of a put or call option risks losing the entire premium invested in the option if they do not exercise the option.

HCM may not use certain securities such as options, derivatives or futures within client accounts, but these may be underlying investments held by mutual funds and ETFs that HCM recommends for client accounts.

Active management of investments is an integral part of HCM's discretionary strategies. This involves moving out of investments which may be in decline and reinvesting in assets that are showing strength or placing client assets in money market funds or other low-risk investments during times of market uncertainty. While it is believed by HCM that this type of strategy will benefit the client, it also brings certain risks not associated with less active or buy and hold strategies. This includes the risk of being out of the market when it turns up, costing the client the opportunity to make a profit during that time. It also includes the risk of "whipsaws" which are unprofitable trades generated when one sells an investment and then has to buy it back at a higher price, or buys

an investment and quickly sells it at a loss because the market turns around soon after the purchase. An increase in trading or custodial costs is another risk factor encountered with active management of investments. These factors are part of the cost of a strategy that seeks to be out of a market during most of a significant decline.

Losses do occur, with about equal frequency as gains. A goal of HCM is to quickly sell losing investments and to hold profitable investments as long as they continue to perform well. Having winning trades be larger in size than losers is part of this goal, and central to HCM's profit making strategies for its clients. However, there is no assurance that this will actually occur.

From time to time, all HCM strategies may invest in "inverse" or "short" mutual funds or ETFs. These are investments that are designed to go up as the stock market, market segment or market sector the investment is correlated to goes down and are used both to offset the risk of holding other "long" investments during a market decline or to produce profits during a period of market decline. Most are derivative investments using futures contracts in amounts calculated to closely match the inverse of an index. There is a risk that during periods of market volatility these investments may deviate from the index they are trying to track and not perform exactly as expected. An additional risk of owning these investments is that if the market moves against a position in an inverse fund or ETF, losses may be incurred at the same time that the market is going up.

From time to time, investments that may be considered risky by themselves may be paired with other investments with differing risk characteristics with the intent of lowering the overall risk of the portfolio. Risk is often addressed across an entire strategy used within an account, rather than investment by investment. Occasionally, risk will be addressed across multiple accounts owned by a client with some accounts carrying higher risk and others lower risk, to achieve the overall risk profile suited to the clients overall investment objective.

Strategies may call for the purchase of various investment securities in client accounts, including stocks, bonds, open and closed-end mutual funds, exchange traded funds, unit investment trusts and variable annuity/life sub-accounts. When trades for many clients are bunched into a block trade that results in differing execution prices for different parts of the block, the average price paid across the entire block will be the price allocated to the client regardless of which actual shares are allocated to the client's account. In cases where an allocation to a client account would result in a fractional share and that security cannot be held in fractional amounts, the number of shares allocated to that client may be rounded up or down. In cases where an adjustment to the allocations must be made to balance the number of shares in the block to the allocations, the accounts with the largest allocations will normally be adjusted.

Subjectivity of Decisions: In certain situations the advisor will have to select from investments with similar objectives for client portfolios that may offer comparative advantages or disadvantages in terms of cost and trading flexibility. As an example, a certain open-end mutual fund may trade as a no-load, but only be available with end-of-day-pricing. An Exchange Traded Fund (ETF) with

similar objectives may be available with the advantage of being able to be bought or sold any time the markets are open or having lower internal expenses, but may entail paying a bid/ask spread that may change without notice, plus a transaction charge by the custodian. Another example would be whether to use an open-end mutual fund that imposes redemption fees versus an ETF that might have a larger bid-ask spread and custodial transaction charge, but no redemption fees. These decisions are very subjective, and can be adversely affected by suddenly changing market conditions. Although HCM will use their best judgment to obtain the security that will help achieve the results being sought with the best combination of cost and investment flexibility, there can be no assurance that this objective will be achieved.

Investment decisions are made for each strategy using a central "model investment" for that strategy. However, due to differences in account size or custodians which may hold different securities, clients may experience differing performance from the model while pursuing similar objectives. Investments purchased or held at the client's request, and/or fee billings applied to other accounts held by the client can also cause performance to differ from the model.

Trades are implemented first at the custodian where the largest number of client assets can be transacted. When trading sequences are not completed across all custodians by the close of business, it is possible that certain accounts will not be traded on the same day as the trading decision was originally made, causing performance to be either more or less than the model.

Certain custodians discourage active management of investments, may have a very limited investment selection and/or limit the number and frequency of trades which may lead to materially different results than the investment model.

Certain of the strategies employed by HCM are actively traded strategies, and returns from these strategies are expected to qualify for short-term tax treatment. Mutual funds that are receptive to short-term trading may have higher expenses or fees than mutual funds that restrict trading.

Margin, if used in a client account, will generally not be used to purchase securities, but will instead be used, when possible, to ensure checks written against the account will not be returned for non-sufficient funds if the account is fully invested when the check is presented.

Discretionary trades of options will not be made in a client account. Short sales, or certain mutual funds that may use short sales to achieve their objectives may be used in client accounts.

In addition to its proprietary investment analysis, the Internet is used extensively to obtain information used for investment decisions and recommendations. HCM receives input and opinions from a large number of colleagues, newsletter writers, bloggers, company news releases, news syndicators, market timers and fundamental analysts, some of whom may be known personally to HCM managers. There is no assurance as to the accuracy of the analysis or the facts presented by these sources, or that HCM's decisions might not be influenced by its familiarity with the source.

Client accounts and brokerage firms and exchanges are accessed primarily via the Internet. Although HCM maintains multiple ways to access the Internet and multiple locations from which to conduct business, if Internet access were to become unavailable or access to brokerage firms or exchanges were otherwise disrupted, it is possible that HCM could not service client accounts and losses could occur due to the inability to trade client accounts. HCM is not responsible for the unavailability of Internet service or access to brokerage firms or exchanges.

Item 9 – Disciplinary Information

There are no disciplinary or legal events to report.

Item 10 – Other Financial Industry Activities and Affiliations

A. Neither HCM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. No one at HCM is a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. HCM suggests use of Ceros Financial Services as a client's Introducing Broker/Dealer for brokerage accounts custodied at National Financial Services (NFS). In this arrangement, HCM is not compensated directly for trades placed through Ceros, but does receive indirect benefits described in the Brokerage Practices section of this brochure which add to the benefits available to the client. However, this also creates a conflict of interest in that clients may be able to get trades executed more cheaply at other broker/dealers.

Clients who already own an annuity that they would like to have HCM manage may be referred to annuity or insurance companies which will allow HCM to trade the account as a third party manager. HCM and its IARs are not licensed insurance agents.

Item 11 – Code of Ethics

HCM and all of its advisors and employees will abide by honest and ethical business practices at all times. A detailed copy of HCM's Code of Ethics will be provided to any client or prospective client upon request.

Although certain of our officers and employees sometimes purchase or sell securities that we recommend to clients, such purchases and sales are effectuated in accordance with our Insider Trading Policy and Code of Ethics. In general, such policy provides that no employee can direct the purchase or sale of any individual security while it is being traded by us or deemed to be restricted by us unless that employee's account is being traded as a group with all client accounts using the same strategy. This may present a conflict of interest in that prices paid or received by a client for

investments may be impacted by the inclusion of employee accounts changing the size of the trade, and increasing the amount of shares traded outside the minimum bid-ask spread. Due to the small size of HCM employee accounts relative to the amount of assets under management, it is believed that the effect of including employee accounts in trades made is not material to the experience of the client, and therefore employee trades are not segregated from client trades. Although this represents a conflict of interest, the client may find comfort in knowing that these employee accounts are managed exactly the same as client accounts.

In addition, no employee trading in an individual security is permitted while that security is being considered for inclusion in the list of securities held in client accounts.

Trading in other securities is permitted with prior approval of HCM management, although certain transactions do not require prior approval, including ongoing participation in an issuer's dividend or stock purchase plan, any transaction over which the employee did not have any direct or indirect influence or control, involuntary transactions such as mergers, inheritances and gifts and transactions involving the purchase and sale of certain debt instruments and of open-end investment companies or Exchange Trade Funds so long as we are not advisor or sub-advisor to such investment companies. Employees are required to report all personal securities transactions to us and we review such reports regularly. In order to ensure that each of our officers, and employees strictly adhere to the highest standards of conduct and integrity in conducting business on behalf of our clients, we have each officer and employee sign our Insider Trading Policy and Code of Ethics acknowledgment.

Clients and prospective clients can obtain a copy of our Insider Trading Policy and Code of Ethics by making a request to one of our client service representatives or IARs by:

Phone: (928)778-4000 or (800)778-4610,
Mail: 2069 Willow Creek Road, Prescott, AZ 86301, or
Email Admin@HepburnCapital.com.

Item 12 – Brokerage Practices

Transactions for managed accounts will be executed through brokerage firms, which include qualified custodians mentioned in this document. Qualified custodians are neutral third parties who will hold your assets and buy and sell securities when we instruct them to.

We recommend that our clients use National Financial Services, LLC a Fidelity Company, Member FINRA/SIPC (NFS) as their qualified custodian. NFS is a wholly owned subsidiary of Fidelity which supports institutional investors such as HCM through a series of introducing broker/dealers. HCM is independently owned and operated and is not affiliated with NFS.

Clients may elect to implement recommended transactions through these custodians; however, no client is obligated to do so. All clients are free to select the broker/dealer of their choice. Clients may be able to buy the same or similar investment products at lower costs at brokers such as discount brokers. The level of assistance HCM may provide in implementing advice at other brokerage firms will vary widely.

In selecting qualified custodians, we seek to recommend a custodian/broker who will hold your assets and execute transaction on terms that are, overall, most advantageous when compared to the other available providers and their services. We consider a wide range of factors, including but not limited to:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from account (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit either HCM or its clients.

HCM services do not include blocking trades, negotiating commissions or transaction fees with broker/dealers, obtaining volume discounts, or necessarily obtaining the best price. Clients may be able to get better execution through other broker/dealers. National Financial Services, LLC is the custodian for most of HCM accounts. Its execution record may be viewed on its web site.

Money market funds offered by custodians may pay lower rates than might be available elsewhere to compensate the custodian for transaction fees waived on many transactions and other services rendered to the client.

Order priority: Sequence of trade order entry and execution varies depending upon factors such as the time of day a trading sequence is initiated, the trading platform that will allow the largest number of trades to be placed in the shortest time and changes in available technology. Similar trades may not all be executed on the same day, resulting in different pricing and performance.

Securities Brokerage: Brokerage services on some client accounts may be provided through Ceros Financial Services, member FINRA/SIPC, as Ceros, provides back office support to HCM and provides access to the clearing and trade execution services of National Financial Services, LLC,

(NFS) one of HCM's custodians, through Ceros' fully disclosed clearing agreement. Lower fees for comparable services may be available from other sources.

Non-Affiliation: HCM and Ceros are unrelated entities. HCM uses Ceros because it provides competitive trade executions and back office services to HCM.

Client Directed Brokerage: If the client directs that trades be executed through another broker-dealer, the client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by that broker/dealer. HCM will assume no responsibility for obtaining the "best execution" of your trade.

While there is no direct linkage between the investment advice given and participation in the programs of Ceros, all brokerage transactions are directed through Ceros, an introducing broker/dealer, to NFS and a conflict of interest may exist due to economic benefits that would not be received if HCM did not use these service providers in providing investment advice to clients. Services include receipt of duplicate client confirmations and statements, access to a trading desk at Ceros and NFS which may direct trades to other brokerage firms striving for better execution of trades, access to block trading which give the ability to aggregate securities transactions and allocate the appropriate shares to client accounts, marketing assistance, referrals and materials, reimbursement for marketing related expenses such as mailings from investment sponsors, ability to have advisory fees deducted directly from client accounts, access to electronic communications systems for client order entry and account information, receipt of compliance publications and advice, access to mutual funds that generally require significantly higher minimum investments or are available only to institutional investors, back office operations and trading support, and access to the Fidelity bond desk. These features are used for the benefit of all HCM clients and are paid for by the transaction charges levied upon the client within NFS brokerage accounts. Lower transaction fees may be available through other brokerage firms and other advisers may not all direct trades to a single brokerage firm.

Whenever individual securities are purchased for multiple accounts, the trades for each security are aggregated and the average price for the entire block is allocated to each account regardless of which shares are actually allocated to that account.

Clients should keep a copy of this form ADV 2A Brochure, monthly or quarterly account statements and any prospectuses they receive, and any documents they sign, in their permanent files.

Item 13 – Review of Accounts

Client portfolios are reviewed for suitability and alignment with client objectives and investment models by Chief Investment Officer, Will Hepburn. Investments held in actively managed client accounts are normally reviewed daily, but may be reviewed less often in times of quiet markets or when minimum holding period objectives are in place. Individual discretionary accounts are

reviewed monthly. Rebalancing of discretionary accounts is done periodically, according to the strategy being employed for that account, unless requested to be done at different times in writing by the client. Non-discretionary accounts are reviewed and rebalanced upon client request.

Item 14 – Client Referrals and Other Compensation

At this time, HCM does not refer clients to other advisers for compensation, nor does it employ outside solicitors who refer clients to HCM for compensation.

Item 15 – Custody

HCM does not accept custody of client accounts, and uses qualified custodians for this purpose.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your broker dealer, bank or other qualified custodian, e.g., NFS, (collectively called “custodian”) to deduct our advisory fees directly from your account. Your custodian, however, maintains actual custody of your assets.

The custodian of the account provides confirmation of transactions, including HCM management fees billed to the account and reports of securities held in the account at least quarterly. Upon request from any client, an annual review may be scheduled at which time account objectives, status and holdings will be reviewed.

The custodians make available on their web sites various status and performance reports. HCM will assist the client to access this information if requested.

For your Protection: HCM or your IAR should never have custody of your money. No payment for securities or any investment should be made payable to Hepburn Capital Management, LLC, your investment advisory representative or his personal business firm. Payments for advisory fees, only, may be made payable to Hepburn Capital Management, LLC.. However it is HCM's policy that all advisory fees be debited directly from a client account to avoid this issue and to provide a continuous audit trail.

Payment for the purchase of securities, or additions to investment accounts, should be made payable only to the custodian (for example, NFS or other investment sponsor). The custodian of your account will never be Hepburn Capital Management, LLC, Ceros Financial Services or your HCM Investment Advisor Representative.

Always include on the face of your checks, either the account number or your tax identification number.

Item 16 – Investment Discretion

In performing investment management services discussed above, when the client executes HCM's Discretionary Investment Advisory Agreement, using their discretion, HCM's IARs will have authority without first being required to obtain specific client consent, to select the category, security and/or amount of securities to be bought or sold and the time to buy and sell securities in client accounts. Clients have the ability to place reasonable restrictions on the discretionary power granted to their IAR, if any, so long as the limitations are set forth in the client agreement.

It is at all times important for the clients to immediately notify their IAR or HCM of any changes in their investment objectives, risk tolerance, suitability, investment time horizons, general concerns about investing or assets held in their accounts.

Item 17 – Voting Client Securities

Clients will receive proxies and voting instructions directly from account custodians. It is HCM's policy that each client retains discretion to vote proxies for securities held within their accounts. HCM will not accept such authority although clients may contact HCM with questions on voting proxies at the following:

Hepburn Capital Management, LLC
2069 Willow Creek Road
Prescott, Arizona 86301
(928) 778-4000

Item 18 – Financial Information

There are no known financial conditions within HCM or its managers that is likely to impair our ability to meet contractual commitments to our clients.

Due to HCM's long history of successfully managing the risk of using market oriented investments HCM has chosen not to carry Errors and Omissions insurance.

Brochure Supplements

Please ask your IAR, or download the appropriate supplement at www.hepburncapital.com/form-adv.html. You may also call our office at 928-778-4000 to have the supplements mailed, faxed, or emailed to you.