



GIRTON

CAPITAL MANAGEMENT, INC

Focusing on Sustainable Growth

**through
Socially
Responsible
Investing**

www.girtoncapital.com

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This brochure provides information about the qualifications and business practices of Girton Capital Management Inc. If you have any questions about the contents of this brochure, please contact us at 415-927-4484 or at jjgirton@girtoncapital.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. Additional information about Girton Capital Management, Inc. is also available on the State of California's website at <http://www.corp.ca.gov>

While Girton Capital Management, Inc. is a registered investment adviser, registration does not imply a certain level of skill or training.



GCM

Girton Capital Management *is a research-driven investment adviser,
dedicated to friendly and professional service
and clear and open communication.*

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Focusing on Sustainable Growth

The goal of Girton Capital Management, Inc. (GCM) is to build wealth for our clients through skillful stock and bond selection. GCM believes that original, in-depth investment research of new and sustainable products and companies is the cornerstone of long-term capital growth.

Girton Capital Management, Inc. publishes the quarterly *Girton Capital Growth Letter*. The guiding principle of the Growth Letter is to find top-quality investments by discovering and tracking great growth companies. Each issue is dedicated to an investment topic or industry niche related to socially responsible and sustainable investing.

Girton Capital Management, Inc., founded in 1998, is an independent registered investment adviser which provides individualized portfolio management and highly responsive personal service for our clients. Our President and Portfolio Manager, John Girton, Chartered Financial Analyst (CFA) was formerly Director of Research at Van Kasper & Company, a leading regional investment brokerage based in San Francisco. John has over 30 years of experience in investment research and has been quoted extensively by the business press. He was awarded a Wall Street Journal All Star Analyst for his stock picking skill of computer software companies in both 1994 and 1995.*

Girton Capital Management, Inc. is certified as a Marin County Green Business. This means we have taken steps to conserve energy and recycle waste in addition to investing in a sustainable way.

**Past performance is not an indicator of future returns.*

THE POWER OF THE IDEA

Investing is about ideas. We think we can offer the highest value to our clients by discovering and investing in ideas which can offer powerful and sustainable growth. Management teams conceive of and implement new business ideas through companies that will grow over time. By buying ownership in a public company (equity), or lending money to it (bonds), investors can participate in the company's long-term success.

A real estate investor's mantra is "location, location, location." We think a stock investor's should be "management, management, management." Our original research includes talking to management, visiting industry trade shows and comparing competitive products, and we view this investment research as the core of what we do well. We like to see situations where an accomplished management team owns a substantial enough portion of the stock to be highly interested in its growth.

When considering growth investments, we look for an entry point that meets our growth and value criteria for "growth at a reasonable price" (GARP). We invest in companies we judge to be well-financed and well-managed with a solid business model and strong projected cash flow generation.

SUSTAINABLE GROWTH THROUGH SOCIALLY RESPONSIBLE INVESTING (SRI)

According to a 1987 United Nations commission, "sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs." We are always

looking for new socially responsible investments in industry sectors that promote positive and sustainable change in business and the world, such as Alternative Energy, the “Best Companies to Work For,” Clean Water, Climate Change and Pollution Control, Community Banks, The Internet and Social Networking, Organic & Natural Foods and Women-Managed Businesses. We favor companies with good employee relations, positive environmental records and sustainable businesses, while we avoid polluters, defense companies and tobacco companies, among others.

We believe that new sustainable trends will replace fading trends such as coal-based electricity, inefficient and polluting companies, and oil-based transportation, among others. As the new economy replaces old companies with higher value-added progressive companies, we believe these new companies will often grow more rapidly with higher profit margins. In particular, we are looking for growth investments in sustainable companies that have the potential to return a multiple on investment over several years - and it only takes one or two such companies in a portfolio to greatly enhance performance.

We believe that socially responsible investing is good long-term business. We welcome the challenge of creating well-diversified portfolios to achieve competitive investment returns while meeting our clients’ individual socially responsible goals.

MARKET ANALYSIS

We don’t try to predict the direction of the overall market, although we believe that over the long term the market has an upward bias. We simply like to buy companies that we think are cheap relative to others in the marketplace. Therefore, we concentrate on investigating individual companies which have strong growth and/or income prospects, and buying them at the best available price. In our view, the market is overvalued

when it is difficult to find a stock that is inexpensive to buy. However, we have learned from experience that this situation rarely lasts very long, as either the market corrects or a new area of growth springs forth.

PORTFOLIO MANAGEMENT

We believe in portfolio diversification, including a mix of fixed income and equity securities, different industry groups, and a diverse selection of large, mid-size and smaller companies in portfolios. We construct portfolios to meet each client’s needs, whether it is capital growth, total return, or income with preservation of capital. We consider the risk and return parameters of all of the client’s assets to determine an appropriate asset allocation mix between cash, bonds, and stock.

We also study the major economic factors that affect the markets, such as changes in interest rates, inflation, gross domestic product and the price of energy, and consider what kinds of effects these changes may have on specific industries and companies.

OUR RELATIONSHIP WITH CLIENTS

We are always available to explain our investment strategy and are straightforward and easy to talk to. We manage investments for those who want us to take care of their investing for them. We hope that we appeal to the thinking and well-informed client. We are open to investment ideas from clients in the areas in which they are experienced. For example, we enjoy discussing new product ideas with a software engineer, new medical techniques with a doctor, and new business ideas with an entrepreneur. This information is vital to understanding the reality of the business world, and the products that work in it. Our core ideal is to provide service with integrity and good humor, and thereby to increase wealth while enjoying the process.

To comply with regulations and provide more information to the client, the following section of the brochure answers questions found on Form ADV Part II at the www.sec.gov website.

ITEM 4: ADVISORY BUSINESS

Girton Capital Management, Inc. was formed in Larkspur, California in 1998 by John Girton, CFA, who owns the firm. We provide investment management services for our clients, which mostly consists of portfolio management but also includes hourly consultations. We tailor our advisory services to the individual needs of clients. Clients may impose restrictions on, or approval for, investing in certain securities or types of securities, including socially responsible investing. We issue the *Girton Capital Growth Letter* on a quarterly basis which is available by subscription or is free to our clients.

Girton Capital Management, Inc. is not a tax adviser, although we will work to minimize taxes for our clients in their investment accounts. We are not a financial planner, although we can help clients evaluate the results of their personal retirement calculator. Occasionally we undertake detailed investment research and consulting projects for clients. We manage all of our clients' assets on a discretionary basis and we calculate the amount of assets under management at the end of each calendar year. At the end of December 2016, GCM had \$19.5 million in assets under management.

ITEM 5: FEES AND COMPENSATION

We are compensated for our advisory services largely through a percentage of assets under management. Our fee schedule is generally 1 to 1.25% of assets under management annually, negotiable depending on the size of the account. We also provide hourly investment consultations at the rate of \$100 to \$250 per hour, also negotiable depending on the assignment. Compensation is billed and payable on a quarterly basis in arrears and will be prorated if a

client terminates an investment advisory contract. Amounts are usually deducted from the client's managed account, but in special circumstances the client may negotiate with GCM to pay by check. The client is responsible for any brokerage commissions or fees as discussed in further detail in the brokerage section. GCM does not receive a share of brokerage commissions billed the client by the custodian. Subscribers to the *Girton Capital Growth Letter* pay a \$249 annual fee in advance, for which they will receive a prorated refund if they cancel before the year is out.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not have performance-based fees or side-by-side management.

ITEM 7: TYPES OF CLIENTS

We generally provide investment advice to individuals, trusts and retirement accounts. We have provided investment advice to corporations, foundations and pension and profit sharing plans. While we have a suggested minimum account size of \$150,000, the size of the account is negotiable.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

We view our investment strategy as 90% fundamental and 10% technical (or charting). Fundamental analysis consists of industry analysis paired with financial analysis for each securities investment. One risk of fundamental investing is that there can be concentration risk in a given security, which we try to mitigate by diversifying the portfolio. Another risk, among others, is that while fundamental analysis may locate undervalued securities, that value may not be recognized by the market in a timely manner.

We supplement fundamental analysis with technical investing, or studying company stock charts. One risk

of technical analysis is that it can lead to false trading signals which can cause excessive trading and higher risk. We try to avoid this by using technical analysis as an indicator of a company's prospects, but of lesser importance than the company's product positioning and financial strength in the marketplace.

We invest in many kinds of securities including equity securities, mutual funds, corporate debt securities, municipal debt securities and FDIC guaranteed cash equivalents. We consider our investment strategy to be mostly long term investing, although if a security has either substantial positive or negative news, we may take a shorter term profit or loss. Our sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, prospectuses and filings with the SEC, among other sources. We develop earnings models and often talk to company managements including the investor relations professional, the chief financial officer or the chief executive officer. We compare companies with their chief competitors to attempt to find the best investments in each industry sector.

Of course, investing involves financial risks that the client should be prepared to bear, including overall market risk, sector risk, and company specific risk, as well as country risk if investing outside the United States. We attempt to reduce this risk by diversification in many different industry sectors, as well as different asset classes, such as dividend stocks and corporate and other bonds. We also invest in what we believe are high quality companies with strong management. However, there will always be financial risks involved in investing.

ITEM 9: DISCIPLINARY INFORMATION

Girton Capital Management Inc. and its representatives have not been subject to or involved in any disciplinary events since inception, which includes at least the past 10 years.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Girton Capital Management, Inc. has an agreement with Vision Capital Investment Management (VCIM), of San Francisco, a registered investment adviser, pursuant to which GCM and VCIM will share advisory duties with respect to clients introduced to GCM by VCIM, and GCM will receive approximately 50% of the fees billed to these clients.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Girton Capital Management, Inc., its employees and officers, will abide by the CFA Institute's Code of Ethics and Standards of Professional Conduct and a copy of the Code and Standards is available upon request. The Code and Standards require the following:

- Place our clients' interests ahead of our own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve our professional competence
- Disclose conflicts of interest and legal matters

GCM will often aggregate trades into block orders since, in our opinion, this provides a more efficient and timely way to trade. GCM employees and our family accounts may purchase securities in the same block trades as clients, but clients will receive priority of transactions over family accounts. If a stock is considered illiquid enough that the block transaction can be considered to "move the market" then family trades will be done after the end of the block trade so that the trade will not favor GCM management or its family.

ITEM 12: BROKERAGE PRACTICES

Girton Capital Management, Inc. may suggest a custodial brokerage firm, such as TD Ameritrade Institutional, to the client. The factors we use in selecting brokers include 1) available research and

quotation services, 2) trading execution: for example, having access to a dedicated institutional desk may outweigh lower commissions charged by other internet trading operations, 3) electronic access to client accounts and data interface to a portfolio accounting system, and 4) long term reputation and viability of custodial firm. The reasonableness of brokerage commissions paid by the client is weighed considering the above factors. GCM uses research services received from brokers to service all accounts.

ITEM 13: REVIEW OF ACCOUNTS

A quarterly written review of the client's account is made and mailed to the client. This review includes the client investment letter, quarterly portfolio statement, *Girton Capital Growth Letter* and invoice. Accounts are internally reviewed monthly in conjunction with the brokerage house statement. Accounts are reviewed more frequently as necessary, such as when a triggering event occurs: for example, when an investment gains or loses a substantial portion of its value in a short period of time (e.g., a week). There is one reviewer for all accounts, with the title of President and Portfolio Manager.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Girton Capital Management, Inc. has engaged Karen Kleven to act as an investment adviser representative independent contractor and to refer investment advisory business to GCM. Ms. Kleven will receive a fee of 25% to 50% of the management fee for seven years to as long as the account is open. See more information on Karen at the end of this brochure.

ITEM 15: CUSTODY

Girton Capital Management, Inc. does not have custody of client funds or securities; instead, a nationally recognized brokerage house custodian, such as TD Ameritrade Institutional, holds client funds and securities.

ITEM 16: INVESTMENT DISCRETION

Girton Capital Management, Inc. manages all of its accounts on a fully discretionary basis, which includes determining which securities shall be purchased, and the amount thereof. Clients are interviewed and fill out a form to determine their financial goals and their risk profile in order to properly manage their accounts. Accounts may be managed for income, growth or a balanced approach. Clients provide GCM a limited power of attorney when opening their account through the custodian for trading purposes and to deduct their quarterly fee only. Clients may, of course, review trade confirmations and ask to sell companies which they do not wish to own.

ITEM 17: VOTING CLIENT SECURITIES

Generally, our clients vote their own securities proxies. However, if a client requests that we vote their proxies and signs a form, we will vote proxies for them. We may not vote every proxy, but we will vote client proxies for our clients in a manner that we believe is in the client's best interest, not our own, despite any conflicts of interests which may arise. Generally, we vote proxies in favor of actions that would further the company's financial success as well as their fairness and sustainability in the marketplace. We may choose to use a proxy voting service, which can automatically vote proxies based on a client's and/or our own input criteria. Clients may direct us in writing to vote a certain way before a vote occurs and may also request a record in writing of how we voted for them on any action. A copy of our proxy voting policy is available upon request.

ITEM 18: FINANCIAL INFORMATION

This item is not applicable since all GCM accounts are held at an independent custodian and we do not require prepayment of fees over \$500 per client six months or more in advance.

ITEM 19: REQUIREMENTS FOR STATE REGISTERED ADVISERS



JOHN J. GIRTON, CFA, PRESIDENT AND PORTFOLIO MANAGER FOR GIRTON CAPITAL MANAGEMENT, INC.

was born in 1956 and graduated from Deerfield Academy in Massachusetts in 1974. He received his B.A. in Psychology at the University of Colorado in 1978, following premedical studies at Washington University in St. Louis from 1974 to 1976. John worked at Birr Wilson Securities for 7 years as a Securities Analyst and Vice President, where he earned his Chartered Financial Analyst designation (See www.cfainstitute.org for more information on the CFA). During this time, he studied Corporation Finance, Financial Accounting, Biochemistry and Microbiology, among other courses at the UC Berkeley Extension program. John joined Van Kasper & Company, a brokerage firm based in San Francisco in 1988, where he worked for 9 1/2 years and became Senior Vice President and Director of Research. John started Girton Capital Management, Inc. in 1998. He has never been subject to or involved in any investment-related disciplinary events.

John J. Girton, CFA
President & Portfolio Manager

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KAREN KLEVEN JOINED GIRTON CAPITAL MANAGEMENT IN 2007

as an investment adviser representative, and is based in Quincy, a small town in the northeastern Sierra Nevada mountains of California. Karen, born in 1948, holds a B.A. from Lewis and Clark College and an M.A. from California State University, Chico. Karen has been exploring the social, environmental, and financial impacts of investing since 1999, when she moved to the San Francisco Bay Area to gain a better view of the business sector and the financial markets. As a financial consultant with Smith Barney and Protected Investors of America she specialized in socially responsible investing and community investing. As a marketing manager with Kranenburg Capital Management she was involved in the clean technology venture capital world. Karen joined Girton Capital Management Inc. as an independent contractor in 2007 and is also employed by the Feather River Land Trust in Quincy, California. Karen has never been subject to or involved in any investment-related disciplinary events.

Karen Kleven
Investment Adviser Representative

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Additional information about John Girton and Karen Kleven is also available on the State of California's website at <http://www.corp.ca.gov>