

Item 1: Cover Page

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This brochure provides information about the qualifications and business practices of Campion Asset Management, LLC. If you have any questions about the content of this brochure, please contact us at 703.848.0344. 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 Campion Asset Management also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Material changes discussed below include only material changes that have occurred since the last annual update of Campion Asset Management's brochure on January 28, 2015.

Material changes include the following items:

- Increase in Assets under Management.
- Change of Address.

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Item 4: Advisory Business

Item 4(a) Description of the Company

Campion Asset Management, LLC (“Campion”) is a privately held Virginia Limited Liability Corporation that was founded in May 2005 by Terence E. Burns, CFA, who is the sole owner of Campion.

The firm is the culmination of his investment management experience over the last 20 years and his vision to create an investment advisory business that takes pride in its independence and objectivity and whose sole interest is the financial health of the clients it serves. These beliefs are reflected in the firm’s Core Values:

INDEPENDENCE ♦ INTEGRITY ♦ INNOVATION®

Campion Asset Management has no parent company, affiliated companies, or joint ventures with any firm.

Item 4(b) Description of Investment Advisory Services

Campion Asset Management offers investment management services on a discretionary and non-discretionary basis to individual and institutional clients in accordance with an investment management framework that involves the following elements:

- **Investment Policy Statement.** Campion Asset Management develops an Investment Policy Statement at the outset of every client relationship. This document serves to guide all investment actions taken on behalf of a client and establish appropriate benchmarks for evaluating performance. This document provides a detailed description of a client’s investment objectives, risk tolerance, liquidity requirements, investment horizon, tax situation, and any unique needs and circumstances.
- **Strategic Asset Allocation.** Campion Asset Management believes that Strategic Asset Allocation explains much of the variability or fluctuation in a portfolio’s returns. So, the way your portfolio is allocated predominantly explains the level of risk in your overall portfolio. Therefore, as an investment adviser, it is our job to develop a Strategic Asset Allocation that positions a client’s portfolio to achieve his/her stated objective(s) in accordance with Investment Policy. Each client’s agreed upon Strategic Asset Allocation indicates the target

allocation to each suitable and appropriate asset class as well as an acceptable range beyond which the portfolio will be rebalanced.

- **Macroeconomic Analysis.** Champion Asset Management analyzes the economy's current state relative to the overall business cycle in order to distinguish between short- and long-term trends within asset classes, sectors, and individual securities and develop tactical opportunities to enhance portfolio returns.
- **Portfolio Construction.** Champion Asset Management constructs a well-diversified portfolio in accordance with each client's Investment Policy by carefully analyzing the optimal way to implement the recommended Strategic Asset Allocation. Our portfolio construction process incorporates the following considerations:
 - Addresses a client's unique needs and circumstances that may influence how a portfolio should be invested.
 - Evaluates the long-term benefits of complementing active portfolio management with passive investing.
 - Determines the best mix of value versus growth-oriented investments.
 - Implements the asset allocation using active management and exchange-traded funds (ETFs).
 - Establishes limits on portfolio turnover to reduce costs and enhance returns.
- **Portfolio Monitoring and Rebalancing.** Champion Asset Management believes that ongoing monitoring and rebalancing of portfolios is a critical element of a sound investment management framework. Both of these steps are an integral part of enhancing portfolio returns and controlling portfolio risk. Disciplined rebalancing reinforces the strategy of reducing exposure to outperforming asset classes and increasing exposure to underperforming asset classes. Therefore, client portfolios are monitored on an ongoing basis and reviewed in detail on at least a quarterly basis.

Client portfolios are rebalanced to the agreed upon Strategic Asset Allocation in accordance with the rebalancing threshold outlined by Investment Policy. The rebalancing threshold is expressed as an acceptable percentage range (for example, plus or minus 5-10 percent) around the agreed upon asset allocation. Once the asset allocation moves outside the indicated range, the client portfolio is rebalanced back to the agreed upon asset allocation.

- **Performance Measurement and Evaluation.** Champion Asset Management believes that measuring and evaluating investment performance provides an ideal opportunity to compare the relative success of a client's investment strategy with stated objectives and relevant benchmarks. Performance attribution indicates how significantly asset class, sector, individual security, currency, and country exposure contribute to fluctuations in a portfolio's market value. Comprehensive analysis of a client's total portfolio provides all relevant information used to evaluate the achievement of a client's investment objectives and make informed decisions.

Campion Asset Management calculates investment performance in accordance with industry standards and provides a fair, accurate, and complete picture of results. Champion Asset Management provides a quarterly report that includes net-of-fee investment performance for the latest quarter, year-to-date, one-year, three-year, and five-year rolling periods, and since inception using the modified Dietz methodology (time-weighted returns with geometric linking).

Actual investment returns are evaluated using asset-class benchmarks that have the following characteristics: measurable, appropriate, reflective of investment style, investable, specified in advance, and unambiguous.

This dynamic process does not end here, and it is for this reason that periodic meetings with the client are so important. Quarterly or semiannual meetings are obviously a time to focus attention on the value added by disciplined rebalancing and risk management, but they also present an ideal time to inquire whether a client's needs or circumstances have changed, document changes in Investment Policy, and adjust the overall asset allocation as necessary.

Investment management relationships are provided on either a discretionary or non-discretionary basis through separate investments in equities, fixed income securities, exchange traded funds, publicly traded master limited partnerships, mutual funds, cash-equivalents, real estate investment trusts and other instruments.

Under a discretionary investment management relationship, a client grants Champion Asset Management investment discretion and authorization to invest, sell, and reinvest proceeds in the client's account without obtaining the client's prior confirmation of any proposed investment action.

Under a non-discretionary investment management relationship, Champion Asset

Management is authorized to invest, sell, and reinvest proceeds in a client's account, only after obtaining a client's approval of any proposed investment recommendation.

It is worth noting that regardless of the type of investment management relationship, Champion Asset Management acts in a fiduciary capacity at all times when dealing with all clients.

Campion Asset Management also provides investment consulting services on matters such as allocation of assets among different classes, portfolio diversification, managing portfolio risk, retirement cash flow projections, and other general economic and financial topics.

Campion Asset Management does not assume custody of client assets; therefore, all managed accounts are maintained with an independent custodian for custody and safekeeping.

Item 4(c) Tailored Investment Advisory Services

Investment advisory services are tailored to the individual needs of clients based on their investment objectives, risk tolerance, liquidity requirements, investment time horizon, tax situation, and any unique needs and circumstances.

Campion Asset Management manages client accounts in accordance with the investment mandates of each client relationship as outlined in the investment policy statement and subject to the guidelines and/or restrictions that have been provided by the client. Below are the guidelines that are followed when managing a client's portfolio:

- Client investment objectives are identified by assessing the client's risk tolerance based upon their age, sources of income, current wealth, education, human capital, need for cash flows, investment goals, and emotional tolerance for volatility. Information provided by the client to develop an Investment Policy Statement is collected during client meetings, interviews, and/or questionnaires.
- In order to tailor investment management services and develop effective investment advice for each client's unique needs and circumstances, Champion Asset Management strives to gain a clear understanding, if applicable, of each client's personal tax and cash flow needs, estate plans, retirement plans, and educational funding needs. Doing so requires Champion Asset Management to collect detailed personal financial information and often involves the preparation of financial analyses and personal financial statements that reflect a

client's net worth, cash flow and income tax liabilities.

- Before implementing an investment strategy and specific investment recommendations and actions, Campion Asset Management reviews the Investment Policy Statement and confirms the agreed upon investment strategy and asset allocation.
- Careful consideration is given to implementing a client's investment strategy and asset allocation using the optimal mix of investments. Capital market conditions and client circumstances are monitored. Portfolio adjustments are made as appropriate to reflect significant changes in client needs and circumstances as well as overall market conditions.

In some circumstances, clients may impose restrictions on investing in certain securities or types of securities. Such restrictions are documented in a client's Investment Policy Statement.

Common restrictions may include the following:

- Setting minimum credit rating criteria for individual bonds.
- Setting maximum maturity or duration criteria for individual bonds.
- Prohibition from investments in tobacco, defense, and other morally objectionable businesses.
- Prohibition from investing in certain illiquid asset classes such as alternative investments, hedge funds, and private equity.
- Prohibition from investing in derivative instruments such as options and futures contracts.
- Prohibition from using leverage or short selling.
- Prohibition from investing in securities of competitors when the client is considered a company insider or a particular industry when the client works for a government regulatory agency.

Item 4(d) Wrap Fee Programs

Campion Asset Management does participate in so-called wrap fee programs, which are also known as "outside manager programs", "managed account programs" or the so-called "manager-of-managers approach." Campion Asset Management believes that this approach is most suitable for clients with investment portfolios in excess of \$20 million. There are two primary differences between this approach and Campion Asset Management's standard investment management framework: portfolio construction and fees.

First, rather than constructing portfolios using separate investments in equities,

fixed income securities, exchange-traded funds, publicly traded master limited partnerships, mutual funds, cash-equivalents, real estate investment trusts and other publicly traded securities, Campion Asset Management selects specific investment managers for each asset class in accordance with the client's Investment Policy Statement. In this case, Campion Asset Management's role changes from evaluating and recommending specific securities to evaluating and recommending suitable and appropriate investment managers for each asset class exposure.

Second, investment management fees for this approach are noticeably higher than Campion Asset Management's regular fee schedule. Furthermore, Campion Asset Management receives a portion of the wrap fee for providing these services. It is worth noting that the fees for this program are negotiated between each client and not merely added to Campion Asset Management's regular fee schedule.

Item 4(e) Assets under Management

As of February 19, 2015, Campion Asset Management managed combined assets of approximately \$177.6 million between discretionary and non-discretionary accounts as follows:

<u>Type of Management Relationship</u>	<u>Amount (\$ millions)</u>
Discretionary Basis	\$156.9
Non-Discretionary Basis	\$ 24.1
<u>Total Assets under Management</u>	<u>\$181.0</u>

Item 5: Fees and Compensation

Item 5(a) Description and Calculation of Fees

Campion Asset Management calculates investment management fee compensation based upon a percentage of assets under management. The compensation method is explained and agreed upon with the clients in advance, before any services are provided.

Investment management fees begin with the effective date of the Investment Management Agreement, which is the date the client signs the Investment Advisory Agreement. For that calendar quarter, fees are adjusted pro rata based upon the number of calendar days in the calendar quarter that the Investment Management Agreement was effective.

Fees for Champion Asset Management's investment management services, which include developing and implementing investment policy and asset allocation, monitoring and rebalancing a client's investment portfolio, providing quarterly investment performance, and conducting periodic meetings with clients, is as follows:

Assets under Management	Annual Fee
First \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.85%
\$5,000,001 - \$10,00,000	0.60%
Over \$10,000,000	0.40%

In some circumstances, investment management fees are negotiable depending on the size and nature of the investment management relationship. Fees may be negotiated for clients where specialized investment services are needed or for family members of employees of the Advisor. Champion Asset Management reserves the right to adjust the fee schedule for account relationships depending on the size and type of account and the services required. Given the additional complexity and reporting requirements of trust accounts, clients are assessed an additional 0.25 percent or 25 basis points on the first \$2.0 million of assets under management within trust accounts.

In some cases, negotiation of fees may result in different fees being charged for similar services and may be less than the stated fees.

Champion Asset Management also provides investment consulting services on an hourly fee basis. Upon request, Champion Asset Management will evaluate existing investment policy, investment portfolios, investment strategies and/or the performance of other investment managers. The fee for investment consulting services is \$250 per hour.

Before starting the requested consulting services, Champion Asset Management will outline the scope of the requested consulting services and the estimated time in hours and dollar cost of completing these services. The client requesting the consulting services will approve the scope of requested consulting services and agree to pay the estimated cost of completing these services.

Under no circumstances does Champion Asset Management require prepayment of more than \$1,200 in fees per client and six months or more in advance.

Item 5(b) Payment of Fees

Fees are deducted directly from the client's account and are paid quarterly in advance. Quarterly fees are equal to one fourth of the annual fee and are based on a percentage of the client's assets under management on the last business day of the previous calendar quarter. Fees may also be billed to the client upon request provided that the client agrees to pay outstanding fees within 21 days of the start of the quarter. Multiple accounts for the same client may be combined for purposes of calculating the fee.

Item 5(c) Additional Fees and Expenses

Clients may pay additional fees and incur expenses in connection with services provided by Champion Asset Management, including custodian fees, transactions costs, brokerage fees, and mutual fund fees. No portion of these fees is paid to or rebated back to Champion Asset Management.

Item 5(d) Payment of Fees in Advance

Fees are deducted directly from the client's account and are paid quarterly in advance. Quarterly fees are equal to one fourth of the annual fee and are based on a percentage of the client's assets under management on the last business day of the previous calendar quarter.

If an investment management agreement is terminated before the end of the quarterly billing period, clients may obtain a pro-rated refund based on the remaining days in that quarterly billing period provided the number of days remaining in the billing period is more than 30 days.

Investment management agreements may be terminated by either the client or Champion Asset Management upon 30 days written notification in accordance with the applicable contractual notice of termination. New clients may cancel their investment management without penalty within the first five days after the signing of the Agreement.

Item 5(e) Additional Compensation Arrangements

Under no circumstances does any principal, employee, or supervised person accept compensation for the sale of securities or other financial products, including asset-based sales charges or service fees from the sale of mutual funds. Champion Asset Management recognizes the lack of independence, objective, and inherent conflicts of interests that exist from recommending investment products for which compensation is paid. Therefore, Champion refuses to accept any compensation associated with the sale of investment products.

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

Under no circumstances does any principal, employee, or supervised person accept performance-based fees—that is, fees based on a share of the capital gains or capital appreciation of the assets of a client.

Campion Asset Management recognizes the extreme risk to client's investment portfolios and inherent dangerous conflicts of interests that exist from performance-based fee agreements. Therefore, Campion Asset Management refuses to accept any performance-based fee arrangements under any circumstances.

Item 7: Types of Clients

Campion Asset Management provides investment management and consulting services on behalf of individuals and tax-exempt organizations.

Investment management services for individuals may include the following types of accounts:

- Taxable accounts
- Tax-deferred accounts such as IRAs, Roth IRAs, and SEP IRAs
- Revocable and irrevocable trusts where the client(s) may be a trustee, the grantor and/or income beneficiary
- Family limited partnerships

Campion Asset Management does not provide investment management and consulting services to individuals that are not citizens or legal residents of the United States of America or for which the original source of funds cannot be adequately verified.

Investment management services for tax-exempt organizations may include the following types of organizations and accounts:

- Endowments both restricted and unrestricted
- Foundations both public and private
- 501(c)3 organizations
- Pension plans

Campion Asset Management does not provide investment management and consulting services to organizations whose mission and purpose may be objectionable on legal, moral, or ethical grounds.

The minimum account size for investment management relationships is \$1.0 million although Champion Asset Management reserves the right to accept accounts that are less than \$1.0 million as part of an existing investment management relationship, accounts that are expected to exceed \$1.0 million within a reasonable period of time or family accounts.

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

Item 8(a) Methods of Analysis and Investment Strategies

Investing in asset classes and individual securities involves risk of loss that each client should be prepared to bear.

Champion Asset Management uses asset allocation analysis to develop an investment strategy that is tailored to a client's unique needs and circumstances.

Asset allocation analysis examines the historical expected returns, standard deviation, and correlation of asset class returns over various time periods. The goal of this analysis is to determine the optimal mix of suitable and appropriate asset classes that will position a client's portfolio to achieve the client's stated investment objective(s) without taking an unnecessary level of risk.

Champion Asset Management uses fundamental security analysis to evaluate the fair value of specific equity and fixed-income investments to include in client investment portfolios.

Fundamental analysis is used to identify stocks that are underpriced or fairly priced by comparing the intrinsic value of a company's share price with some measure of "true" value that can be derived from readily observable and publicly available financial data. Champion Asset Management believes that undervalued companies with solid fundamentals have a greater opportunity for capital appreciation and a lower risk profile. Our analysis relies on an objective and subjective assessment of the following:

- Intrinsic value of the company using fundamental data and comparative valuation ratios
- Quality of earnings
- Quality of management
- Corporate governance

Our investment strategy for managing U.S. fixed-income securities recognizes that fixed-income securities serve the following objectives within an investment portfolio: reduce portfolio volatility, generate current income to the extent it is needed, and provide inflation protection (through Treasury Inflation Protected Securities). After prioritizing the roles of fixed-income securities within a client's portfolio, Champion Asset Management implements a low-turnover strategy in accordance with the client's priorities.

Given the important role that fixed-income securities play in an investment portfolio, fundamental analysis of fixed-income securities focuses heavily on the diversification between sectors of the bond market and individual issue credit risk. Information from corporate rating agencies is of paramount importance with regard to evaluating the credit risk of individual issues.

Champion Asset Management uses both active and passive investment management to implement each client's investment strategy and Strategic Asset Allocation. Active management involves the purchase or sale of individual securities based on fundamental analysis. Passive management involves the purchase or sale of a particular index or index vehicle that is designed to replicate the investment performance of a particular asset class or investment style.

Champion Asset Management gathers publicly available information on companies and securities from the following sources:

- Internet
- Financial newspapers and magazines
- Financial publications authored by leading investment practitioners and academicians
- Research reports prepared by other individuals and companies
- Annual reports, prospectuses and filings with the Securities and Exchange Commission
- Database information provided by other companies
- Corporate rating services
- Physical inspections of corporate activities

Item 8(b) Material Risks of Methods of Analysis and Investment Strategies

Investing in asset classes, investment strategies, and individual securities involves material risks of loss that each client should be prepared to bear.

Asset class returns such as stocks have experienced significant fluctuations in market value over time and may even fluctuate 50 percent or more in a given year. A significant risk to asset allocation is that past performance is not indicative of future results. Actual returns can deviate from historical average returns for extended periods of time; therefore, clients may not achieve their investment objectives. Another risk to asset allocation is that data inputs are incorrect and produce suboptimal recommendations that keep clients from achieving their investment objectives.

Active and passive investment strategies also involve material risks of significant loss during volatile market conditions and may also fluctuate 50 percent or more in a given year. The actual performance of passive investment vehicles that are designed to replicate the performance of a particular index may deviate noticeably from the index they are designed to track. This risk is known as “tracking error.” Investment performance of active management may also deviate significantly from predetermined benchmarks; therefore, clients may not achieve their investment objectives. Active management involves additional trading costs that may impact actual performance and the achievement of a client’s investment objective.

Clients should be prepared to bear material risks of loss inherent that may be the result of one or more of the following factors:

- Lack of liquidity
- Extreme events in world financial markets
- Rapid change in demand for specific asset classes or securities
- Changes in tax laws
- Changes in the regulatory environments of specific industries or companies
- Changes in economic conditions of countries or regions
- Rapid technological changes

Item 8(c) Material Risks of Specific Types of Securities

Investing in any security involves material risks of loss including a 100 percent loss in market value. Clients should be prepared to bear material risks of loss that can be brought on by one or more of the following factors:

- Lack of liquidity for specific securities
- Extreme events in world financial markets
- Rapid deterioration of the financial health of specific industries and companies
- Credit rating downgrades by rating agencies
- Bankruptcy of corporations

- Rapid change in demand for specific asset classes or securities
- Market manipulation of prices for specific securities
- Changes in the regulatory environments of specific industries or companies
- Changes in financial conditions of industries or companies
- Changes in economic conditions of countries or regions
- Rapid technological changes
- Inaccurate, incomplete or even false data provided by rating agencies, corporate issuers, or data sources.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Item 10(a) Registration as a Broker/Dealer or Broker/Dealer Representative

Neither Champion Asset Management nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

Item 10(b) Registration as a Future Commission Merchant, Community Pool Operator, or a Commodity Trading Advisor

Neither Champion Asset Management nor its representatives are registered as a FCM, CPO, or CTA.

Item 10(c) Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Champion Asset Management always acts in the best interests of its clients and prospective clients. Champion Asset Management exercises special care to

avoid possible conflicts of interests. As a result, Campion Asset Management has no material relationships with any of the following *related persons*:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker.
- Investment company or other pooled investment vehicle (including mutual funds).
- Other financial planner
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Insurance company or agency
- Pension Consultant
- Real estate broker or dealer
- Sponsor or syndicator or limited partnerships

Item 10(d) Selection of Other Advisers and How This Adviser is Compensated for Those Selections

Campion Asset Management does recommend and select other investment advisers for its clients and receives compensation directly or indirectly from those advisers. Although that creates a material conflict of interest, Campion Asset Management always acts in the best interests of its clients and prospective clients.

Selection of specific investment managers for clients is done so in accordance with the client's investment policy statement and agreed upon asset allocation. Selection of specific investment managers involves an assessment of the manager's suitability and appropriateness for each client based on their investment objective.

It is worth noting that the level and amount of compensation is the same regardless of which investment manager is selected by Campion Asset Management.

Item 11: Codes of Ethics, Participation or Interest in Client Transactions and Personal Trading

Item 11(a) Code of Ethics

Campion Asset Management has a written Code of Ethics, Code of Conduct and Regulatory Compliance Manual. Clients may request a copy of our Code of Ethics from management.

Campion Asset Management's Code of Ethics is predicated on the principle that Campion Asset Management owes a fiduciary duty to its clients at all times. In accordance with this principle, Campion Asset Management adopted the CFA Institute Code of Ethics and Standards of Professional Conduct in 2005. All employees agree to abide by this Code and Standards as a condition of employment regardless of whether the employee holds the CFA (Chartered Financial Analyst) designation.

On January 1, 2011 Campion Asset Management adopted the CFA Institute Asset Manager Code of Professional Conduct. In accordance with this Code, the following required disclosure is made:

Campion Asset Management claims compliance with the CFA Institute Asset Manager Code of Professional Conduct. This claim has not been verified by the CFA Institute.

The Code of Ethics, Code of Conduct and Regulatory Compliance Manual require, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the interests of clients, the integrity of the investment profession, and the interests of the Campion Asset Management above one's own personal interests;
- Adhere to the fundamental standard that one should not take inappropriate advantage of one's position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with firm's policies and procedures;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;

- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on one's self and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve one's professional competence and strive to maintain and improve the competence of other investment professionals;
- Comply with applicable provisions of federal and state securities laws.

Item 11(b) Recommendations Involving Material Financial Interests

Campion Asset Management does not recommend that clients buy or sell any security in which a person related to Campion Asset Management has a material financial interest.

Item 11(c) Personal Trading in the Same Securities as Clients

Campion Asset Management and its employees may trade for their own account in securities that are recommended to Campion Asset Management's clients. Campion Asset Management maintains a file, updated quarterly, of all securities transactions involving itself, representatives, or employees and this file is reviewed by Terence Burns, CFA. If the possibility of a conflict or interest occurs, the client's interest will prevail. It is the firm's policy that priority will always be given to the client's orders over the orders of any employee of Campion Asset Management.

To avoid any potential conflicts of interest involving personal trades, Campion Asset Management has adopted a Personal Securities Transaction Policy, Pre-Clearance Procedure for personal securities transactions as well as insider trading policies and procedures.

Item 11(d) Personal Trading At/Around the Same Time as Clients

From time to time, representatives of Campion Asset Management may buy or sell securities for themselves at or around the same time as clients. In these circumstances, securities trades may be aggregated as a block trade and executed at or around the same time as clients. Following the trade execution, clients will receive priority over trade allocation.

Under no circumstances will representatives of Campion execute trades for their personal benefit ahead of Campion Asset Management's clients.

Campion Asset Management's policies and procedures also require employees to do the following:

- Pre-clear certain personal securities transactions
- Report personal securities transactions on at least a quarterly basis,
- Provide the Chief Compliance Officer a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which employees have a direct or indirect beneficial interest.

Item 12: Brokerage Practices

Item 12(a) Factors Used to Select Custodians and/or Broker/Dealers

Campion Asset Management participates in the institutional program offered by Charles Schwab. Absent client instructions to maintain an existing brokerage relationship elsewhere, Campion Asset Management will assist a client with developing a relationship with the Institutional Division of Charles Schwab & Co.

Campion Asset Management will make recommendations based on the needs of the client and the services provided by the broker-custodian such as ability to execute trades, margin rates, on-line access to accounts, transaction charges, consolidated reporting, duplicate monthly statements, access to mutual funds, including lower sales charges than for direct purchases and lower minimum purchase amounts.

As part of the institutional programs offered by Charles Schwab, Campion Asset Management receives benefits that it would not receive if it did not provide investment advice to clients. Although there is no direct affiliation or fee sharing arrangement between Schwab and the Adviser, economic benefits are received by Campion Asset Management which would not be received if Campion Asset Management did not have an established relationship with these companies. These benefits do not depend on the amount of transactions directed by Campion Asset Management to Charles Schwab. These benefits may include the following:

- A dedicated trading desk that services the firm's clients
- A dedicated service group and an account services manager dedicated to the firm's accounts
- Access to a real time order matching system
- Ability to block client trades and electronically upload/download of trades
- Access to portfolio management software
- Access to a secure electronic interface
- Ability to duplicate and batch client statements, confirmations and year-end summaries
- Ability to debit advisory fees directly from client accounts (in accordance with federal and state requirements)
- Provide a quarterly newsletter
- Access to mutual funds and ability to have loads waived for the firm's clients who invest in certain loaded funds when certain conditions are met and maintained
- Ability to have custody fees waived

The commission rates for certain customers may be higher or lower for identical or similar transactions, had they been executed at other broker/dealers, especially discount brokers. However, Champion Asset Management believes that the commission schedules for Schwab Institutional are competitively priced when compared to other brokerage institutions.

Furthermore, Champion Asset Management does not charge a premium or commission on transactions beyond the actual cost imposed by its custodian.

- 1. Research and Other Soft-Dollar Benefits.** Under no circumstances does Champion Asset Management use or accept "soft dollars." The term "soft dollars" refers to us receiving products or services provided by brokers, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of our clients. The primary consideration when recommending broker-dealers is best execution.
- 2. Brokerage for Client Referrals.** Champion Asset Management does not receive referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.
- 3. Directed Brokerage.** Champion Asset Management does not recommend, request or require that a client direct Champion Asset Management to execute transactions through a specified broker-dealer.

In the course of providing our services, we will execute trades for our clients through broker-dealers. When a client has given us broker discretion, there is no restriction on the brokers we may select to execute client transactions. Our general guiding principle is to trade through broker-dealers who offer the best overall execution under the particular circumstances. With respect to execution, we consider a number of factors, including if the broker has custody of client assets, the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, our past experience with similar trades, and other factors which may be unique to a particular order. Based on these judgmental factors, Campion Asset Management may trade through broker-dealers that charge fees that are higher than the lowest available fees.

In addition, broker-dealer fees may vary and be greater than those typical for similar investments if we determine that the research, execution and other services rendered by a particular broker merit greater than typical fees. Also, in certain instances we may execute over-the-counter securities transactions on an agency basis, which may result in advisory clients incurring two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the market maker's mark-up or mark-down.

Orders for the same security entered on behalf of more than one client will generally be aggregated (bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders; filled orders shall be allocated separately from subsequent orders. All clients participating in each aggregated order shall receive the average price and if applicable, pay a pro-rata portion of commissions. Accounts that are beneficially owned by the Advisor or its employee or access person may participate in aggregated orders under the same conditions as set forth above. Transactions are usually aggregated to seek a lower commission, lower costs, or a more advantageous net price.

A client may direct Campion Asset Management in writing to use a particular broker-dealer to execute all transactions for the client's account. When a client selects the broker to be used for his account, the commission rates are decided upon between the client and his broker. In addition, Campion Asset Management does not have any

responsibility for obtaining for the client from any such broker the best prices or particular commission rates, and the client may not obtain rates as low as it might otherwise obtain if Champion Asset Management had discretion to select broker-dealers other than those chosen by the client.

Clients that direct Champion Asset Management to use a particular broker-dealer for executing their transactions generally will be unable to participate in aggregated orders and will be precluded from receiving the benefits, if any, of an aggregation that other clients may receive. Champion Asset Management will generally execute aggregated orders for non-directed clients before executing orders for clients that direct brokerage.

Item 13: Review of Accounts

Each client portfolio is subject to a complete Portfolio Review by Terence Burns, CFA, President, Managing Member and Chief Compliance Officer, at least quarterly.

Item 13(a) Frequency and Nature of Periodic Reviews

Portfolio Reviews include the following information:

- A review of investment policy.
- A comparison of the current versus strategic asset allocation to determine whether the portfolio needs to be rebalanced.
- An evaluation of macro-economic conditions to assess whether any tactical investment changes should be made.
- An analysis of individual issues, portfolio composition, trading activity and performance comparisons to evaluate whether any specific investment changes are appropriate.

Item 13(b) Factors That Will Trigger a Non-Periodic Review of Client Accounts

Certain factors that may trigger more frequent periodic reviews may include the following:

- Significant changes in a client's unique needs and circumstances that may impact how a client's portfolio should be invested.

- Significant changes in market conditions, such as important global economic events.
- Special requests from the client.

Individual assets in clients' accounts are also under continuous supervision through daily monitoring of individual holdings for noticeable changes in company fundamentals, corporate actions and announcements, bond maturities, and changes in credit ratings.

Item 13(c) Content and Frequency of Regular Reports Provided to Clients

Campion Asset Management provides clients with periodic (quarterly or semiannual) Portfolio Reviews that include the following information:

- Review of Investment Policy
- Review of Current versus Strategic Asset Allocation
- Investment Action Plan
- Quarterly Market Outlook
- Quarterly Investment Performance
- Quarterly Investment Holdings Report

In addition to this detailed report from Campion Asset Management, clients also receive monthly statements, trade confirmations, and year-end tax information from the custodian. Clients can also view their accounts on-line on a daily basis, and download a limited number of reports to their own computers.

Item 14: Client Referrals and Other Compensation

Item 14(a) Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Including Sales Awards or Other Prizes)

Campion Asset Management does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to clients of Campion Asset Management.

Item 14(b) Compensation to Non-Advisory Personnel for Client Referrals

Campion Asset Management does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

Campion Asset Management does not take custody of client accounts, funds, or assets at any time. Custody of client's accounts is held at the firm's custodian, Schwab Institutional. Clients will receive account statements from the custodian and should carefully review those statements and compare them to reports provided by Campion Asset Management.

Item 16: Investment Discretion

Campion Asset Management accepts discretionary authority to manage securities accounts on behalf of clients.

Under a discretionary investment management relationship, a client grants Campion Asset Management investment discretion and authorization to invest, sell, and reinvest proceeds in the client's account without obtaining the client's prior confirmation of any proposed investment action.

Any limitations or restrictions that clients place on this authority are outlined in writing and incorporated into the client's investment policy statement. Common limitations and restrictions including include the following:

- Setting minimum credit rating criteria for individual bonds.
- Setting maximum maturity or duration criteria for individual bonds.
- Prohibition from investments in tobacco, defense, and other morally objectionable businesses.
- Prohibition from investing in certain illiquid asset classes such as alternative investments, hedge funds, and private equity.
- Prohibition from investing in derivative instruments such as options and futures contracts.
- Prohibition from using leverage or short selling.
- Prohibition from investing in securities of competitors when the client is considered a company insider or a particular industry when the client works for a government regulatory agency.

Item 17: Voting Client Securities (Proxy Voting)

Campion Asset Management votes all proxies on the client's behalf if the client authorizes Campion Asset Management to do so at the beginning of the investment management relationship.

Campion Asset Management identifies the proxies upon which it has authority to vote, votes the proxies in the best interest of clients, and submits the proxies promptly and properly.

Campion Asset Management's general policy is to vote all proxies in the interest of maximizing shareholder value. Therefore, Campion Asset Management will vote each proxy in a way that it believes is consistent with its fiduciary duty and will cause the issue to increase the most or decline the least in value. Consideration will be given to both the short- and long-term implications of the proposal to be voted on when considering the optimal vote.

Campion Asset Management has no conflicts of interest between its client interests and its own within the proxy voting process. Nevertheless, if a material conflict of interest arises in voting a client's proxy, Campion Asset Management's procedures provide for a Proxy Voting Committee to convene and determine an appropriate vote. Decisions of the Committee must be unanimous. If a unanimous decision cannot be reached by the Committee, a competent third party will be engaged, at Campion Asset Management's expense, who will determine the vote that will maximize shareholder value. As an added protection, the third party's decision is binding.

Campion Asset Management's complete proxy voting policy and procedures are memorialized in writing and are available for the client's review. In addition, the Adviser's complete proxy voting record is available to its clients, and only to its clients, and can be reviewed upon request.

In the event Campion Asset Management is not given proxy-voting authority over a client's securities, then the obligation to vote proxies is the responsibility of the client. If the client would like to seek advice or information from Campion Asset Management about a particular proxy vote, the client is welcome to ask but the responsibility of voting that proxy remains with the client.

Upon termination of the investment management agreement between Campion Asset Management and the client, Campion Asset Management will make a good faith and reasonable attempt to forward proxy information inadvertently received on behalf of the client to the client's forwarding address.

Item 18: Financial Information

Item 18(a) Balance Sheet

Campion Asset Management does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore, does not need to include a balance sheet with this brochure.

Item 18(b) Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither Campion Asset Management nor its management has any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

Item 18(c) Bankruptcy Petitions in Previous Ten Years

Neither Campion Asset Management nor its management has been the subject of a bankruptcy petition in the last ten years.

Item 19: Requirement for State Registered Advisers

Item 19(a) Principal Executive Officers and Management Persons; Their Formal Education and Business Background

Campion Asset Management currently has only one principal executive officer: Terence E. Burns, CFA. Terence Burns' education and business background can be found on the Supplemental ADV Part 2B form.

Item 19(b) Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)

Terence Burns' other business activities can be found on the Supplemental ADV Part 2B form.

Item 19(c) How Performance Based Fees are Calculated and Degree of Risk to Clients

Campion Asset Management does not charge performance-based fees.

Item 19(d) Material Disciplinary Disclosures for Management Persons of this Firm

No management person at Campion Asset Management has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding that involves any of the following:

- An investment or an investment-related business or activity
- Fraud, false statement(s), or omissions
- Theft, embezzlement, or other wrongful taking of property
- Bribery, forgery, counterfeiting, or extortion
- Dishonest, unfair, or unethical practices

Item 19(e) Material Relationships That Management Persons Have With Issuers of Securities (If Any)

Neither Campion Asset Management, nor its management persons, has any relationship or arrangement with issuers of securities.