

**Item 1 Cover Page**

# **DUPREE FINANCIAL GROUP, LLC**

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**[WWW.DUPREEFINANCIAL.COM](http://WWW.DUPREEFINANCIAL.COM)**

**March 31, 2015**

This Firm Brochure provides information about the qualifications and business practices of Dupree Financial Group, LLC (“Dupree Financial Group”). If you have questions about the contents of this Firm Brochure, please contact us at (859) 233-0400 or [tdupree@dupreefinancial.com](mailto:tdupree@dupreefinancial.com). The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Dupree Financial Group is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Dupree Financial Group is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

## **Item 2 Material Changes**

This Firm Brochure dated March 31, 2015 is an update to our prior Firm Brochure Date March 31, 2014. This Item addresses only material changes since the last update of the Firm Brochure. There are no material changes to the Firm Brochure.

Our Firm Brochure may be requested by contacting Thomas Dupree, Jr., Manager, at (859) 2330400 or [tdupree@dupreefinancial.com](mailto:tdupree@dupreefinancial.com).

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#### **Item 4 Advisory Business**

Dupree Financial Group LLC, (“Dupree Financial Group”, “Dupree,” “we”, “us” or “our”) is a Kentucky limited liability company established in August of 2003. Thomas Dupree, Jr. is the sole owner of the company.

We offer general investment advisory and management services to our clients, including personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other organizations and business entities. Our primary investment custodian is TD Ameritrade. We provide discretionary portfolio management services where the investment advice provided is tailored to meet the needs and investment objectives of our clients. Our primary focus is on providing retirement investment advice to individuals. We also provide asset management advice for retirement accounts held at retirement investment providers other than TD Ameritrade, based upon the client’s risk tolerance, investment objectives and other relevant information. Our investment recommendations are typically generated from Dupree Financial Group’s original research.

Dupree Financial Group may provide advice on private placements, pooled investment vehicles and other alternative investments. Dupree Financial Group may also, in Dupree Financial Group’s discretion, advise a client on any other type of investment that we deem appropriate based on that client’s stated goals and objectives or on any type of investment held in that client’s portfolio.

Dupree Financial Group does not represent, warrant, or imply that the services or methods of analysis employed by it can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Clients may impose restrictions on investing in certain securities or types of securities. As of December 31, 2014, our assets under discretionary management were \$155,290,363.00. We had no non-discretionary assets under management.

## Item 5 Fees and Compensation

Dupree Financial Group's annual fees for portfolio management services and asset management advice are equal to a percentage (%) of the market value of a client's account, as shown in the tables below. These annual fees are prorated and paid quarterly, in advance, based upon the quarter end market value of the account. The percentage calculation of the annual fee will not be increased without prior written notice to a client. Dupree Financial Group, in its sole discretion, may negotiate investment management fees.

### Portfolio Management Services

Account Size	Annualized Fee
\$0 to \$499,999.99	1.25%
\$500,000 to \$999,999.99	0.90%
\$1,000,000 to \$1,999,999.99	0.75%
\$2,000,000 to \$2,999,999.99	0.60%
\$3,000,000 and above	0.50%

### Asset Management Advice

Account Size	Annualized Fee
\$0 to \$1,000,000	0.75%
Over \$1,000,000	0.50%

Generally, the qualified custodian holding a client's funds and securities will charge a client's account for the amount of the investment management services fee and will remit such fee directly to Dupree Financial Group. If the terms of a client's account do not allow for direct withdrawal of the management/asset allocation advice fee, the client will be required to pay the fee directly to Dupree Financial Group within 30 days of receipt of an invoice from Dupree Financial Group. The qualified custodian should deliver a quarterly account statement, directly to the client, showing all disbursements from the account. Clients are strongly encouraged to review all account statements for accuracy.

Fees will be assessed pro rata in the event an Investment Advisory Services Agreement is executed at any time other than the first day of a calendar quarter. Dupree Financial Group or the client may terminate such Advisory Services Agreement upon written notice to the other party (e-mail notice is sufficient). In the event of termination, fees will be charged on a pro rata basis and any unearned fees will be refunded to the client on a pro rata basis. Clients may contact us at the above address to receive a refund of unearned fees, if any.

Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Dupree Financial Group's fee, and Dupree Financial Group does not presently receive any portion of these commissions, fees and costs.

Item 12 describes additional factors considered in selecting or recommending brokers or dealers for client transactions and determining the reasonableness of their compensation (i.e. commissions).

Item 5 requires Dupree Financial Group to address situations in which we or any of our supervised persons (as that term is defined in our current internal Code of Ethics (“Code of Ethics”)) accept compensation for the sale of securities or other investment products. As a matter of policy and practice, we strongly discourage activities which place the client’s interests anywhere but first. Our Code of Ethics specifically prohibits all employees, directors, officers and owners from using for their own benefit, to the detriment of the client, information about Dupree Financial Group’s trading or recommendations for client accounts or take advantage of investment opportunities that would otherwise be available for clients.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Dupree Financial Group does not earn fees based on a share of capital gains on or capital appreciation (e.g., performance fees) of the assets of clients' accounts.

## **Item 7 Types of Clients**

Dupree Financial Group provides personalized investment advisory and portfolio management services to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other organizations and business entities.

Although the minimum requirement to maintain an account is \$25,000, this minimum may be waived in the sole discretion of management. Dupree Financial Group may, but is not required to, allow accounts of members of the same household to be aggregated for purposes of meeting the fee breakpoints. For example, such aggregation may be allowed where Dupree Financial Group services accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts.



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

Dupree Financial Group utilizes a value based investment strategy. In its original meaning, it was used to describe the purchase of securities which were trading below their net liquidating values. Today, these are more difficult to find. Value investing has come to mean investing in any security, which for various reasons, may be trading cheaper than similar securities in the marketplace. Verification of the truth of these securities' "cheapness" depends upon thorough, hands on research.

### Methods of Analysis

Dupree Financial Group primarily takes a bottom up security analysis approach while choosing investments. A bottom up security analysis begins with specific businesses, regardless of industry or region, which is different from a top down security analysis, which begins with an analysis of global economics and international or national economic indicators. In researching companies, their financial information may be studied in detail, namely balance sheet, cash flow and income statements. Based on this information, Dupree Financial Group may evaluate certain performance metrics (profit margin, debt/equity, return on equity, interest coverage etc.) to determine operational efficiencies. We may also evaluate certain valuation metrics (price/earnings, price/cash flow, book value) to determine relative value. While investing in mutual funds, the goal is to understand the fund's investment philosophy, the investment manager's track record and performance of the fund over a period of time.

In addition, various economic and market data published by the Federal Reserve and other governmental and private agencies may also be considered. Dupree Financial Group also studies reports published by investment managers and analysts, and newsletters, newspapers and magazines to assess the state of the economy and obtain investment ideas.

### Investment Strategy

Dupree Financial Group invests in securities that appear to be trading at or below a valuation metric we deem appropriate. We tend to be long-term investors and constantly monitor the price in relation to what we deem to be fair value of a security. We determine the proper diversification strategy on a case-by-case basis. If a particular security represents a very low or high percentage of a portfolio, we may rebalance by buying or selling that security. In addition, we may recommend dividend reinvestment to clients who are not in need of income and have a longer investment horizon.

### Risks

Investing in securities involves risk of loss that clients should be prepared to bear. All securities that we invest in have both business and market risk associated with them. In addition, fixed income investments such as bonds or certain REIT's can be susceptible to interest rate, duration, pre-payment and default risk. Securities of companies based in overseas markets may carry political and currency risk. Commodity related investments might also carry additional volatility risk. Business risk is inherent in any investment in the stock or bonds of a private or publicly traded company. This is the risk that the underlying business may not succeed and might be unable to meet its financial obligations in a timely fashion. Market risk is the risk that even though the business may be solvent, its stock or bonds may drop in value because of market conditions beyond the control of the company. Interest rate risk primarily affects bonds and

other fixed income investments. This is the risk that higher general interest rates may lead to lower bond prices as the fixed coupon from bonds becomes less attractive in a higher interest rate environment. Duration risk can occur as interest rates increase, in the case of mortgage backed securities that tend to prepay more principal in a low interest rate environment, these securities will lengthen their duration which is the time over which principal will be returned to the investor. A longer duration bond becomes potentially more volatile in price. Pre-payment risk is the opposite of duration risk. It is the risk that the investor gets money back from the investment quicker than expected thereby lowering the yield on the investment. Default risk is the same as business risk, except in the case of a technical default which may occur because of a bond issuer's failure to comply with a legal requirement of the bond issue.

## **Item 9 Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Dupree Financial Group's advisory business or the integrity of Dupree Financial Group's management. Dupree Financial Group has no information that is disclosable under this Item 9.

## **Item 10 Other Financial Industry Activities and Affiliations**

### Other Financial Industry Activities

Dupree Financial Group is required to disclose information concerning any other financial industry activities it engages in or other affiliations. Dupree Financial Group is not engaged in any other financial industry activity.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### Code of Ethics

Dupree Financial Group has adopted a Code of Ethics, a copy of which is available to clients and potential clients upon request. Dupree Financial Group strives to comply with all applicable laws and regulations governing its practices. Therefore, in our Code of Ethics, Dupree Financial Group has set forth guidelines for professional standards of conduct for our associated persons (as that term is defined in our Code of Ethics), the goal of which is to protect client interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with clients. We expect every employee to adhere strictly to these guidelines and demonstrate the highest standard of ethical conduct for continued employment with Dupree Financial Group. Associated persons are required to report any violations of the Code of Ethics.

### Privacy Policies

In addition, Dupree Financial Group maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material non-public information about clients or their account holdings by Dupree Financial Group or any associated person. Dupree Financial Group does not disclose any nonpublic personal information about our clients or former clients to any nonaffiliated third party, except as permitted or required by law. In the course of servicing a client's account, Dupree Financial Group may share some information with our service providers, such as transfer agents, custodians, brokers, dealers, accountants and lawyers. Dupree Financial Group restricts internal access to nonpublic personal information about the client to those associated persons of Dupree Financial Group who need access to that information in order to provide services to the client. It has always been and will be Dupree Financial Group's policy never to sell information about current or former clients or their accounts to anyone.

### Personal Trading

Dupree Financial Group may purchase or sell securities for our clients which we and/or our employees own, have owned, or may own. We have adopted procedures regarding personal trading by employees that are designed to prevent abuses that could occur as a result of the potential conflict of interest involved in such personal trading. For example, our Code of Ethics requires employees to submit on a periodic basis, personal securities transactions and holdings reports for review by a qualified representative of Dupree Financial Group. Neither Dupree Financial Group nor an employee may engage in principal transactions between a proprietary account and a client account without first obtaining the prior written approval of the Dupree Financial Group's Chief Compliance Officer ("Chief Compliance Officer") and the consent of the client. Dupree Financial Group's employees, officers, directors, owners and partners that have access to nonpublic information regarding any client's purchase or sale of securities, are involved in making securities recommendations to client, or have access to such recommendations that are nonpublic ("Access Persons") may not acquire any beneficial ownership (as that term is defined in our Code of Ethics) in any security in an initial public offering without first seeking the written approval of the Chief Compliance Officer. Purchases

and sales of restricted securities issued by public companies are generally prohibited unless the Chief Compliance Officer determines that the contemplated transaction will cause no actual, potential or apparent conflict of interest.

Any Access Person wishing to purchase or sell a security obtained through a private placement, including purchase of any interest in a hedge fund, must first seek the written approval of the Chief Compliance Officer. In addition, if an associated person who owns a security in a private company knows that the company is about to engage in an IPO, he or she must disclose this information to the Chief Compliance Officer. Participation in investment clubs must be approved in writing the Chief Compliance Officer in advance of any such participation.

Because no written policy can provide for every possible contingency, the Chief Compliance Officer may consider granting additional exemptions from the prohibitions on trading on a case-by-case basis. Any request for such consideration must be submitted by the Access Person in writing to the Chief Compliance Officer. Exceptions will only be granted in those cases in which the Chief Compliance Officer determines that granting the request will create no actual, potential or apparent conflict of interest.

Dupree Financial Group does not require pre-clearance for personal securities transactions other than limited offerings or IPOs.

When dealing with many individual accounts, it remains possible that personal transactions on the part of our personnel could occur prior to a client transaction. We use our best effort to make sure that is not the case, and in our view, these types of transactions are small in nature and do not affect a market in any individual security or company.

## **Item 12 Brokerage Practices**

The purpose of this Item 12 is to present to you the factors that Dupree Financial Group takes into consideration when (1) selecting or recommending brokers, dealers or custodians to a client for the purposes of effecting transactions on the client's behalf and (2) for determining the reasonableness of compensation related to such transactions.

### Factors in Recommendations

Factors that Dupree Financial Group considers in recommending brokers, dealers or custodians to a client include such entity's financial strength, reputation, execution, pricing and service. In return for effecting securities transactions through certain brokers, dealers or custodians, Dupree Financial Group may receive certain support services that assist us or our representatives in the investment decision-making process for a client.

### Broker Practices

Dupree Financial Group participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/[NFA](#). [TD Ameritrade](#) is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment adviser services which include custody of securities, trade execution, clearance and settlement of transactions. Dupree Financial receives some benefits from TD Ameritrade through its participation in the program. (See disclosure under Item 14). Dupree Financial Group and/or our representatives may receive benefits such as assistance with conferences and educational meetings from product sponsors.

Dupree Financial Group believes that TD Ameritrade provides "best execution" reasonably available to clients. In seeking "best execution," the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of services, including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although Dupree Financial Group seeks competitive commission rates, we may not necessarily obtain the lowest possible commission rates for a client's account transactions.

### Aggregation of Orders

Generally, Dupree Financial Group will aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to Dupree Financial Group's discretion depending on factual or market conditions and the duty to achieve best execution for client accounts. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. Allocations of orders among client accounts must be made in a fair and equitable manner.

Dupree Financial Group aggregates client transactions for discretionary accounts but does not aggregate transactions for non-discretionary accounts. Accordingly, clients are hereby advised that different clients may receive different prices on securities transactions and that a client may

not be able to purchase or sell the same quantity of securities as another client. In addition, clients who enter into non-discretionary arrangements with Dupree Financial Group may be charged higher commissions as compared to clients who enter into discretionary arrangements.

#### Client Selection

When applicable, a client may direct Dupree Financial Group to use a particular broker to execute some or all transactions for such client's account, subject to Dupree Financial Group's right to decline and/or terminate the engagement. In the event the client directs Dupree Financial Group to use a particular broker, the client has the sole responsibility for negotiating commission rates and other transactions costs with the directed broker and will not be included in aggregate trades. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case and a most favorable execution may not be obtained.



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

Dupree Financial Group periodically reviews client accounts. Review of accounts are performed by Thomas Dupree, Jr., Manager, and/or Micheal Johnson, Colin Wheeler and Phillip Sexton, who are Investment Advisor Representatives. Portfolio management accounts may be monitored on a continuous basis and may be reviewed on a semi-annual basis. Asset allocation accounts may be reviewed on a quarterly basis. Account review and management involves discussion and analysis of the client's goals and objectives, overall market, portfolio composition, industry composition and change in performance.

Clients should receive written reports and confirmations of all transactions directly from the broker-dealer or custodian for the client accounts. Dupree may furnish the client with a compilation of the activity and the status of the client's account(s). Any such report is provided as an accommodation only. Clients are urged to compare custodial statement with Dupree's reports and rely solely upon the reports issued by the broker-dealer/custodian of the assets.

## **Item 14 Client Referrals and Other Compensation**

### Client Referrals and Other Compensation

Under certain circumstances, investment advisers, like Dupree Financial Group, may compensate other parties for having referred clients or potential clients. These sorts of arrangements are generally referred to as “solicitor” arrangements. Dupree Financial Group does not currently participate in any solicitor arrangements but reserves the right to do so at our discretion.

See the discussion in Item 12 above of this Firm Brochure with regard with to research or execution-related products or services that may be provided by the broker-dealers that we use to execute client transactions.

As described in Item 5 of this Firm Brochure, certain of Dupree Financial Group’s supervised persons may receive other compensation in connection with the provision of investment advisory services to Dupree Financial Group’s clients. Certain individuals who are associated with us, if properly registered and licensed to do so, may also receive compensation (i.e. commissions) related to the sale of securities or other investment products. For example, investment adviser representatives who are licensed as insurance agents can offer life, disability, fixed annuities and long-term care insurance from a variety of product sponsors and will receive commissions from the sales of such products.

### No Obligation

Clients are under no obligation to purchase insurance products from Dupree Financial Group.

As disclosed under Item 12 above, Dupree Financial Group participates in TD Ameritrade's institutional customer program and Dupree Financial Group may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Dupree Financial Group's participation in the program and the investment advice it gives to its clients, although Dupree Financial Group receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Dupree Financial Group participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Dupree Financial Group by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Dupree Financial Group's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Dupree Financial Group but may not benefit its client accounts. These products or services may assist Dupree Financial Group in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Dupree Financial Group manage and further develop its business enterprise. The benefits received by Dupree Financial Group or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Dupree Financial

Group endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Dupree Financial Group or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Dupree Financial Group's choice of TD Ameritrade for custody and brokerage services.

Dupree Financial Group also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the program. Specifically, the Additional Services include investment performance monitoring services from Morningstar, Inc. TD Ameritrade provides the Additional Services to Dupree Financial Group in its sole discretion and at its own expense, and Dupree Financial Group does not pay any fees to TD Ameritrade for the Additional Services. Dupree Financial Group and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Dupree Financial Group's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Dupree Financial Group, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Dupree Financial Group's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Dupree Financial Group, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Dupree Financial Group may have an incentive to recommend to its clients that the assets under management by Dupree Financial Group be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Dupree Financial Group's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

## **Item 15 Custody**

Client's assets are maintained with a qualified custodian. The qualified custodian is authorized by the client to deduct and direct payment of Dupree's advisory fee directly from the client's custodial account. Dupree may be deemed to have custody solely because we may deduct our advisory fees from clients' custodial accounts. Each client should receive account statements directly from the qualified custodian on at least a quarterly basis. Each client should carefully review those statements. In the event that a client also receives an account statement from Dupree, each client is urged to compare the account statement they receive from the qualified custodian with the account statement they receive from Dupree, and to rely solely on the account statement received from the qualified custodian.

## **Item 16 Investment Discretion**

Dupree's investment management services are generally provided on a discretionary basis and may be provided on a non-discretionary basis. Where Dupree has discretionary management authority, Dupree will be authorized to determine the securities to be bought or sold for the client's account(s), the amount of securities to be brought or sold, the timing of securities transactions and the broker or dealer to be used to execute client securities transactions.

Each client may request reasonable limitations be placed on Dupree's discretionary authority, such as securities or market-sector based limitations. Any such limitations shall be presented to Dupree in writing, and Dupree will review any such requests on a case-by-case basis.

Dupree's Investment Advisory Agreement, and the agreement between the client and the custodian/broker-dealer for the account, may grant discretionary authority to Dupree. The client's written agreement with the custodian also grants a limited power of attorney to Dupree to effect transactions in the client's custodial account.

## **Item 17 Voting Client Securities**

Dupree Financial Group does not vote proxies for clients. Dupree's clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other events pertaining to the client's investment assets. The client shall instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

**Item 18 Financial Information**

Dupree Financial Group has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients. Dupree Financial Group has not been the subject of a bankruptcy proceeding.