

Trippon Wealth Management Group LLC

CRD # 136485

ADV Part 2A, Firm Brochure

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This brochure provides information about the qualifications and business practices of Trippon Wealth Management Group LLC. If you have any questions about the contents of this brochure, please contact us at (713) 661-1040 or info@tripponwealth.com. The information in this 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 Trippon Wealth Management Group LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Trippon Wealth Management Group LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

The material changes in this brochure from the last annual updating amendment of Trippon Wealth Management Group LLC on 01/05/2024 are described below. Material changes relate to Trippon Wealth Management Group LLC's policies, practices or conflicts of interests.

- Trippon Wealth Management Group LLC has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

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Item 4 Advisory Business

- A. Trippon Wealth Management Group LLC (the “Registrant”) is a limited liability company formed on June 15, 2005 in the State of Texas. The Registrant is owned by James Mark Trippon, Managing Member and Chief Compliance Officer.
- B. As discussed below, the Registrant offers to its clients (individuals, high net worth individuals, pension and profit-sharing plans, business entities, etc.) portfolio management services. The Registrant **does not** hold itself out as providing financial planning, estate planning or insurance planning services.

PORTFOLIO MANAGEMENT SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary portfolio management services on a *fee* basis. The Registrant’s annual portfolio management fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Prior to engaging the Registrant to provide portfolio management services, clients are required to enter into an *Portfolio Management Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

The Registrant provides portfolio management services specific to the needs of each client. Prior to providing portfolio management services, the Registrant will ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The Registrant primarily allocates client investment assets among various individual equity (stocks), mutual funds and/or exchange traded funds with a concentration in debt (bonds) and fixed income securities. The Registrant primarily allocates client investment assets among various individual equity stocks and mutual funds and/or exchange traded funds (“ETFs”) on a discretionary and non-discretionary basis in accordance with the client’s designated investment profile including but not limited to: investment objective(s), risk tolerances, time horizons and investment experience.

PENSION CONSULTING SERVICES

The Registrant offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators and broker-dealers

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

MISCELLANEOUS

Limited Consulting/Implementation Services. Although the Registrant **does not** hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, the Registrant may provide limited consultation services to its portfolio management clients on investment and non-investment related matters, including retirement planning, estate planning, insurance planning, annuity planning, financial planning and wellness, education planning, and portfolio rebalancing. Any such consultation shall be rendered exclusively on a non-solicited basis, for which Registrant shall usually not receive any separate or additional fees. Neither the Registrant, nor any of its representatives, serves as an attorney, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. accountants and insurance, etc.), including the Registrant's Principal in his separate capacity as an accountant and/or licensed insurance agent (see disclosures at Item 10.C.) The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. Clients have the right to purchase services or products recommended by the Registrant through another provider. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary portfolio management basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

Retirement Plan Rollovers-No Obligation/Conflict of Interest: A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an IRA, or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). The Registrant may recommend that a client roll over plan assets to an Individual Retirement Account ("IRA") managed by the Registrant. As a result, the Registrant and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to the Registrant (unless clients engage the Registrant to monitor and/or manage the account while maintained at his/her employer). The Registrant has an economic incentive to encourage a client to roll plan assets into an IRA that the Registrant will manage **or** to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. There are various factors that the Registrant may consider before recommending a rollover,

including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus the Registrant's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. **No client is under any obligation to rollover plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. The Registrant's Chief Compliance Officer, James Trippon, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

Use of Mutual Funds. While the Registrant may recommend allocating investment assets to mutual funds classes that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publicly available mutual funds that he/she/it could obtain without engaging Registrant as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publicly available mutual funds classes without engaging Registrant as an investment advisor, he/she/it would not receive the benefit of Registrant's initial and ongoing portfolio management services.

Client Obligations. In performing its services, the Registrant shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

- C. The Registrant shall provide portfolio management services specific to the needs of each client. Prior to providing portfolio management services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.

D. Written Acknowledgement of Fiduciary Status

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and

- Give you basic information about conflicts of interest.
- E. The Registrant does not participate in a wrap fee program.
- F. As of December 31, 2023, the Registrant had \$116,118,284 in assets under management on a discretionary basis and \$18,160,849 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary portfolio management services on a *fee* basis.

PORTFOLIO MANAGEMENT SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary portfolio management services on a negotiable *fee* basis. The Registrant's annual portfolio management fee is based upon a percentage (%) of the market value of the assets placed under the Registrant's management (generally between 1.50% and 2.00%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Under \$1,000,000	2.00%
Next \$1,000,000	1.75%
Over \$2,000,000	1.50%

The Registrant generally requires a minimum asset level of \$500,000.00 for portfolio management services. The Registrant, in its sole discretion, may charge a lesser portfolio management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.) on any billing or client agreement. Clients may make additions or withdrawals from the accounts, provided their accounts continue to meet the \$500,000.00 minimum referenced above. Additional account deposits or partial withdrawals will be charged fees or credited fees on a pro-rata fee based upon the number of days remaining in the then current calendar quarter.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Portfolio Management Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's portfolio management fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Raymond James & Associates, Inc., member New York Stock Exchange / SIPC ("*RJ&A*") serve as the broker-dealer/custodian for client portfolio management assets. Broker-dealers such as *RJ&A*

charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to the Registrant's portfolio management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. internal management fees and other fund expenses). The Registrant does not receive any part of the brokerage commissions and/or transactions fees charged by broker-dealers/custodians.

- D. The *Portfolio Management Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Portfolio Management Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter. Clients may terminate the Agreement within five (5) business days of signing the Agreement, without penalty or fee.

PENSION CONSULTING SERVICES

The Registrant's annualized fee for pension consulting services is 0.50% of the plan assets for which the Registrant is providing such consulting services. Fees are non-negotiable. Ongoing asset-based fees are calculated based on a percentage of Plan assets under management and billed quarterly in arrears. The quarter-end Plan assets under management are defined as plan assets on the last trading day of the quarter.

- E. Neither the Registrant nor its representatives accept compensation from the sale of securities or other investment products, nor does the Registrant receive any 12b-1 fees from mutual fund purchases.

For Colorado clients:

When advisory fees are deducted directly from client accounts at client's custodian, the Registrant will adhere to the guidelines set forth in Item 15.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees nor engages in side-by-side management.

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, high net worth individuals, pension and profit-sharing plans, and business entities. The Registrant generally requires a minimum asset level of \$500,000.00 for portfolio management services. The Registrant, in its sole discretion, may charge a lesser portfolio management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.) on any billing or client agreement. Beginning in 2021, the firm has begun providing advisory services to employer sponsored retirement plans. Client accounts from the same household will be combined for

meeting account minimum requirements and fee billing purposes unless otherwise instructed by the client.

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

A. The Registrant may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant utilizes long-term trading as an investment strategy when implementing investment advice given to clients.

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles these investors are trying to exploit.

Investment Strategies.

Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

The Registrant's portfolio management strategies also include: (1) growth, (2) income; (3) growth and income, (4) capital preservation and (5) speculation. The Registrant implements its investment strategies primarily through the purchase of equity securities, either indirectly via equity mutual funds or directly through the purchase of individual exchange listed equity securities. For those clients who seek income, the Registrant shall generally recommend and/or purchase income producing equity mutual funds and/or individual dividend paying equity securities, including real estate investment trusts, preferred stocks and royalty trusts. Thus, although income producing, these types of equity securities will generally exhibit much more price volatility than fixed income securities.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity stocks, mutual funds, and ETFs on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments.

Fixed Income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This includes corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile, and fixed income securities carry significant interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting, but these bonds still carry a risk of losing share price value. Risks of investing in foreign fixed income securities also include the general risks inherent in non-U.S. investing.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond (fixed income) nature or stock (equity) nature, or a mix of multiple underlying security types.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk

is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

Inflation Risk, also known as Purchasing Power Risk, arises from the decline in value of securities cash flow due to inflation, which is measured in terms of purchasing power. Inflation Protection Bonds such as TIPS are the only protection offered against this risk. Floaters, the resetting of the interest rates, can help reduce inflation risk. All other bonds have fixed interest rates for the life of the bond, which exposes the investor to this risk.

Interest Rate Risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, spread between two rates, shape of the yield curve, or in any other interest rate relationship. These changes can be reduced by diversifying or hedging, since the changes usually affect securities inversely.

Economic Risk is the chance that macroeconomic conditions like exchange rates, government regulation, or political stability will affect an investment, usually one in a foreign country.

Market Risk, also called systematic risk, is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial markets in which they are involved. This type of risk can be hedged against but cannot be eliminated through diversification. Sources of market risk include recessions, political turmoil, changes in interest rates, natural disasters and terrorist attacks.

Political Risk, also known as geopolitical risk, is the risk an investment's returns could suffer as a result of political changes or instability in a country. This becomes more of a factor as the time horizon of an investment gets longer. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control.

Regulatory Risk is the risk that a change in laws and/or regulations will materially impact a security, business, sector or market. These changes can increase the costs of operating a business, reduce the attractiveness of an investment, or change the competitive landscape, and are made by either the government or a regulatory body.

Liquidity Risk stems from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. It is typically reflected in unusually wide bid-ask spreads or large price movements. Typically, the smaller the size of the security or its issuer, the larger the liquidity risk.

Credit Risk traditionally refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. Credit risk is the probable risk of loss resulting from a borrower's failure to

repay a loan or meet contractual obligations. While impossible to know exactly who will default on obligations, with proper assessment and credit risk management, the severity of loss can be lessened. A lender's or investor's reward for assuming credit risk includes the interest payments from the borrower or issuer of a debt obligation.

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Certified Public Accountant.** Registrant's Principal, James Trippon, is a Shareholder of J.M Trippon & Co., P.C. ("*J.M. Trippon*") a certified public accounting firm. Specifically, to the extent that *J.M. Trippon* provides accounting services to any clients, including clients of the Registrant, all such services shall be performed by *J.M. Trippon*, in its individual professional capacity, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by *J.M. Trippon*, referral or otherwise. No client of the Registrant is under any obligation to engage the services of Mr. Trippon or J.M. Trippon, or any other person or entity recommended by the Registrant or its representative. Accounting services and products recommended by Registrant's supervised persons may also be available from other providers on more favorable terms, and clients can purchase accounting services and products recommended through other unaffiliated professionals. **The Registrant's Chief Compliance Officer, James Trippon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

Licensed Insurance Agents. The Registrant's Principal, James Trippon, is a licensed insurance agent who will recommend the purchase of certain insurance-related products on a commission basis, and clients can therefore engage him in that capacity. Travis Rhoad, Mitchell Craig, and Tyler Olson are Registrant representatives, are also a licensed insurance agents who will recommend the purchase of certain insurance-related products on a commission basis, and clients can therefore engage him in that capacity.

Conflict of Interest: The recommendation by Registrant's representatives that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions will provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from James Trippon. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents on more favorable terms. **The Registrant's Chief Compliance**

Officer, James Trippon, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Publishing. The Registrant's Principal, James Trippon, owns Bretton Woods Press, LLC and Trippon Financial Media, Inc., both of which are publishing companies through which he publishes books, audio books, educational materials, and newsletters. Bretton Woods Press LLC and Trippon Financial Media are completely separate entities from Registrant. Bretton Woods Press LLC and Trippon Financial Media Inc. rely on Section 202(a)(11) of the Investment Advisors Act of 1940 and its exclusion of publishers from the definition of an investment advisor. Mr. Trippon spends approximately 5% of his time managing the publishing companies.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices. Trading of affiliates are prohibited from front running or disadvantaging the Registrant's trading for client accounts.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects;

provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that portfolio management accounts be maintained at *RJ&A*. Prior to engaging Registrant to provide portfolio management services, the client will be required to enter into a formal *Portfolio Management Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *RJ&A* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's portfolio management fee. The Registrant's best execution responsibility is satisfied if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *RJ&A* (or another custodian, mutual fund sponsor, and/or investment platform) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other

educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its portfolio management business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *RJ&A* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *RJ&A* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant's Chief Compliance Officer, James Trippon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, 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.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

The Registrant's Chief Compliance Officer, James Trippon, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides portfolio management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been

placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation. Non-discretionary accounts may not be able to participate in block trades.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides portfolio management services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All portfolio management clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are invited to review account performance and investment objectives with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian for the client accounts.

Item 14 Client Referrals and Other Compensation

- A. Other than the SBD disclosed in Item 12 above the Registrant does not receive any compensation from any third party for the advisory services it provides to clients.
- B. Neither the Registrant nor any supervised person of the Registrant compensates any non-supervised person for client referrals.

Item 15 Custody

The Registrant does not maintain physical custody of any client funds or securities. However, the Registrant shall be deemed to have constructive custody in its ability to have its advisory fee for each client debited by the custodian on a quarterly basis with prior written authorization. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian for the client accounts.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

Please Also Note: The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

For Colorado clients:

When advisory fees are deducted directly from client accounts at client's custodian, the Registrant will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends statements to the client.
- (C) The Registrant will send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

The Registrant will provide invoices to Colorado clients in all cases, regardless of if fees are directly deducted from the client's account. Clients should compare statements from the custodian with the invoice provided by the Registrant and alert the Registrant of any discrepancies.

Item 16 Investment Discretion

The client can determine whether to engage the Registrant to provide portfolio management services on a discretionary basis or non-discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Portfolio Management Agreement*, naming the Registrant as the client's limited power of attorney, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.