

**Firm Brochure**  
(Part 2A of Form ADV)

**The Jumper Group**  
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**Chattanooga, TN 37402**  
**(423) 267-7005**

This brochure provides information about the qualifications and business practices of The Jumper Group. If you have any questions about the contents of this brochure, please contact us at: (423)267-7005, or by email at: [info@thejumpergroup.com](mailto:info@thejumpergroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about The Jumper Group. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the SEC does not imply a certain level of skill or training.

March 2012

## Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### Material Changes since the Last Update

None

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (423) 267-7005 or by email [jjumper@jumpergroup.com](mailto:jjumper@jumpergroup.com).

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## **Advisory Business**

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### **Firm Description**

The Jumper Group, Inc. ("The Jumper Group"), was founded in 1994.

The Jumper Group provides investment advisory services primarily to tax-exempt institutions seeking to invest in taxable bonds and other debt instruments.

The Jumper Group does not act as a custodian of client assets. The client always maintains asset control.

The Jumper Group is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. No commissions in any form are accepted. No finder's fees are accepted.

The Registrant may provide cash compensation to persons for referring prospective clients to Registrant. Registrant may also compensate brokers or registered representatives who refer clients to Registrant by executing trades through such broker or registered representative. However, Registrant is not presently compensating any person for client referrals and in any such subsequent compensation arrangement, the client will be fully advised of such arrangement prior to entering into an agreement with Registrant.

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### **Principal Owners**

The Jumper Group is wholly owned by Jay Jumper.

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### **Types of Advisory Services**

The Jumper Group provides investment advisory services primarily to tax-exempt institutions and individuals seeking to invest in taxable bonds and other debt instruments.

As of December 31, 2011, The Jumper Group manages approximately \$13,000,000 in assets for approximately 4 clients.

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### **Tailored Relationships**

Each investor has a unique financial situation, investment time horizon, funding strategy, investment experience, tax status, risk tolerances, goals, and other life circumstances that influence their investment goals.

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### **Types of Agreements**

The following agreement defines the typical client relationships.

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### **Investment Advisory Agreement**

The client will enter into an investment management agreement. The investment advisory agreement between The Jumper Group and a client will remain in force

until terminated by either party. The client may terminate the agreement at any time by giving a written notice to The Jumper Group. Upon termination of an investment advisory relationship with a client, the client will pay the pro-rata portion of the advisory fee for the term of the contract, calculated to the date of termination. The client will at no time be subject to a penalty on termination. The Registrant may terminate the agreement at any time by giving prior written notice.

Advisory fees are payable quarterly in arrears of the management services performed.

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**Asset Management**

Assets are invested in stocks, bonds, preferred stocks convertible bonds no-load or low-load mutual funds and exchange-traded funds, usually through fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus.

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**Termination of Agreement**

The management agreement shall remain in force until terminated by either party within a ten (10) day written notice to the other party.

## **Fees and Compensation**

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**Description**

The Jumper Group fees are based on a percentage of assets under management.

The Jumper Group does not use a performance-based fee schedule.

The Jumper Group is only compensated through the payment of investment advisory fees under investment advisory agreements.

Under an investment advisory agreement, The Jumper Group will be paid an annual fee up to 1% of the fair market value of the securities in the plan account of each client receiving the service.

Fees are charged quarterly in arrears (up to 0.25% each quarter) based on the client's prior quarter end account balance and will deduct the fee automatically from the client's account at the beginning of the next quarter. With respect to the quarter in which the client first enters the investment advisory agreement, the fee will be pro-rated based on the date the client is first managed.

The Jumper Group can charge this fee quarterly in advance (up to 0.25% each quarter) based on the client's prior quarter end account balance and will deduct the fee automatically from the client's account at the beginning of the next quarter. With respect to the quarter in which the client first enters the investment advisory agreement, the fee will be pro-rated based on the date the client is first managed.

When a client initially retains The Jumper Group, two fees may be charged during the same quarter: the initial pro-rated quarterly fee and the full next quarter fee.

If a client terminates service and termination does not occur at the end of a quarterly period, the final investment advisory fees are not pro-rated and will not be refunded, but will stop accruing for any subsequent quarter.

Debt Securities Fee Schedule:

Assets Under Management	Advisory Fee
Up to \$5 million Management	.5% of Assets under
\$5,000,001- \$10 million	.4% of Assets over \$5 million
\$10,000,001 - \$20 million	.3% of Assets over \$10
\$20,000,001 - \$40 million	.25% of Assets over \$20 million
Over \$40 million million	.25% of Assets over \$20

Convertible and Equities Securities Fee Schedule:

Assets Under Management	Advisory Fees
\$0 - \$5 million Management	1% of Assets Under
\$5,000,000 - \$30,000,000 Management	.50% of Assets Under
\$30,000,000 and Above Management	.50% of Assets Under

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**Fee Billing**

Fees are charged at the end of each quarter for the applicable management period. The fee is based upon the quarter-end market value of the portfolio held during the previous quarter multiplied by the pro-rated fee rate. The fee rate is determined by



the agreement and is pro-rated first by dividing the fee rate by 4 to determine a full quarter's fee, then by multiplying this by the ratio of days managed to number of days in the quarter. The formula for determining quarterly fees is as follows:

$$(\text{Market Value of Assets} * \text{Rate}/4) * (\text{Days Managed in Quarter} / \text{Days in Quarter})$$

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Clients should also be aware that collective investment vehicles such as mutual funds typically have operating or distribution fees or expenses that are in addition to the investment advisory fees paid to The Jumper Group. Clients should read each fund's prospectus or other disclosure material, if available, for a more complete explanation of these fees and expenses.

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid to The Jumper Group.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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### **Past due Accounts and Termination of Agreement**

If a client becomes delinquent with regard to management fees, The Jumper Group will follow the account termination process as defined in the plan sponsor or distributor agreement.

## **Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

The Jumper Group does not use a performance-based fee structure because of the potential conflict of interest.

## Types of Clients

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### Description

The Jumper Group provides investment advice primarily to tax-exempt institutions seeking to invest in taxable bonds and other debt instruments. Client relationships vary in scope and length of service.

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### Account Minimums

The Jumper Group does not have a minimum account fee.

## Methods of Analysis, Investment Strategies and Risk of Loss

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### Methods of Analysis

- Bottom-up, fundamental analysis
- Yield advantage over underlying security
- Credit quality
- Optimizing returns while minimizing risk
- Sensitivity to movements of the underlying security

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### Investment Strategies

The Jumper Group investment strategy aims to emphasize diversification across a variety of different companies and market sectors. Our goal is to preserve and enhance investment returns through a conservative and disciplined investment strategy.

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### Risk of Loss

Clients may experience loss in the value of their plan accounts, including loss of principal, due to market fluctuation. There is no guarantee that a client's investment objectives will be achieved by obtaining the investment advisory services described herein.

The investment returns on client accounts will vary and there is no guarantee of positive results or protection against loss. No warranties or representations are made by The Jumper Group with respect to money that is invested. The Jumper Group does not provide legal, accounting or tax advice – clients should seek a qualified expert.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

The independent advisor aims to maximize the portfolio's average fund quality while minimizing deviations from the recommended asset mix and other targeted characteristics – such as stock exposure to economic sectors, bond duration, and bond credit quality.

## Disciplinary Information

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### Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

The Jumper Group is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

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### Affiliations

The Jumper Group has arrangements that are not material to its advisory or its clients with a related person who is an investment advisor.

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

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### Code of Ethics

Rule 204A-1 under the Investment Advisors Act of 1940 (“Advisers Act”) requires all investment advisors registered with the Securities and Exchange Commission (“SEC”) to adopt codes of ethics that set forth standards of conduct and require compliance with federal securities laws. The Jumper Group is an investment advisor registered with the SEC.

The employees of The Jumper Group have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### Participation or Interest in Client Transactions

The Jumper Group and its employees may buy or sell securities that are also held by clients. The Jumper Group agrees to keep complete records of all such securities transactions, as required by SEC and/or state regulation. To address this potential conflict of interest, The Jumper Group agrees, to the extent within its control, not to favor itself to the Client’s financial detriment. Employees comply with the provisions of The Jumper Group *Code of Ethics* regarding securities transactions.

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### Personal Trading

The Chief Compliance Officer of The Jumper Group is Jay Jumper.

## Brokerage Practices

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### Selecting Custodial Firms

The Jumper Group does not maintain custody of any assets. Assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. The custodian will hold assets and will buy and sell securities when trade instructions are sent.

The Jumper Group does not receive any fees based on custodial arrangements.

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**Best Execution**

Brokers chosen to effect transactions in client's accounts are chosen based on the level of services provided and the competitiveness of the broker's commission rates. The Registrant does not receive remuneration from any broker in connection with trades executed on behalf of the client.

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**Order Aggregation**

The Jumper Group aggregate trades when possible.

## **Review of Accounts**

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**Periodic Reviews**

The Jumper Group provides periodic reviews of accounts as requested by the client or as the market movement's demands.

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**Review Triggers**

Other conditions that may trigger a review are changes in tax laws, new investment information, market conditions, and changes in a client's own situation.

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**Regular Reports**

Clients receive periodic communications from The Jumper Group on at least an annual basis, which includes the ADV Part 2A, Part 2B and Privacy Policy. Advisory clients receive written quarterly updates. The written updates include a summary of their investment objective and trade information.

Clients will have on-demand account balance and information, quarterly statements with any trade activity, and an annual hard copy version through their custodian.

## **Client Referrals and Other Compensation**

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**Incoming Referrals**

The firm does not compensate referring parties for these referrals.

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**Referrals Out**

The Jumper Group does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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**Other Compensation**

None

## Custody

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### Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Statements should reflect activity, fees and rates of return.

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### Activity Reports

Clients are urged to compare the account statements received directly from their custodians to the rebalance letters provided by The Jumper Group.

## Investment Discretion

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### Discretionary Authority for Trading

The Jumper Group accepts discretionary authority to manage securities accounts on behalf of clients. The Jumper Group has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The Jumper Group does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement your customized investment strategy or the defaulted age-appropriate investment strategy.

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### Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose.

## Voting Client Securities

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### Proxy Votes

The Jumper Group does not have physical custody for any assets, therefore would not have any discretion over proxy voting. Clients are expected to vote their own proxies. Clients may elect to receive and vote proxy materials for any proxies solicited by issuers of securities they beneficially own and make all elections relative to any events pertaining to the securities of the account.

## Financial Information

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### Financial Condition

The Jumper Group does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because The Jumper Group does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

The Jumper Group requires that advisors in its employ must have work experience that demonstrates their aptitude for financial planning and investment management.

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### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

None

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### Jay Jumper

Educational Background:

- Date of birth: 1963
- Institutions: B.S. University of Tennessee, Knoxville. 1985

Business Experience:

- The Jumper Group (1994 – Present)
- ProNvest, Inc. (2008 – Present)
- SunGard Data Systems (SunGard ProNvest): (2006 – 2008)
- ProNvest, Inc. (1999 - 2006)
- SunTrust Bank (1989 – 1994)

Disciplinary Information: Not Applicable

Other Business Activities:

- Jay Jumper is the President and Chief Executive Officer of ProNvest, Inc.

Additional Compensation: None

Supervision:

- Jay Jumper is the President and Senior Portfolio Manager of The Jumper Group