

FORM ADV PART 2B

Kingman Penniman, CFA
KDP Asset Management, Inc.
24 Elm Street, Montpelier, VT 05602
802-223-0440
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This brochure supplement provides information about Kingman Penniman, an individual who is on the Investment Management Committee that has investment discretionary authority over client assets. This brochure supplements the KDP Asset Management, Inc. brochure. You should have received a copy of that brochure. Please contact CJ Flynn, Compliance Officer, if you did not receive KDP Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement

Item 2- Educational Background and Business Experience

Kingman D. Penniman - 1944
MBA - Wharton Business School
BA - Colby College
Chartered Financial Analyst
Investment Management Committee Member

President, KDP Asset Management, Inc. - 2/99 to present
President, KDP LLC - 03/03 to present
President, KDP Investment Advisors, Inc. - 7/96 to present
Executive Vice President, Phoenix Duff & Phelps - 10/95 - 6/96
Executive Vice President, Duff & Phelps Investment Research Co. - 1/90 - 10/95
Senior Vice President, McCarthy, Crisanti & Maffei, Inc. - 10/75 - 1/90
Supervisor: Marketable Bond Research Group, National Life - 2/72 - 10/75

CFA - Chartered Financial Analyst

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA charter holders working in 135 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charter holders to:

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

Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates

mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charter holders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit www.cfainstitute.org

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

No information is applicable to this item.

Item 5- Additional Compensation

Kingman Penniman is subject to policies that prohibit the acceptance of gifts and entertainment that may influence the nature of the investment advice provided to clients.

There is an incentive compensation plan for all employees. The terms are as follows:

General Provisions

Employees will receive a cash reward for each Qualified Prospect that becomes a client of KDP. For purposes of the plan, a Qualified Prospect will be defined as an institution or individual that

has received a marketing presentation or research trial as a result of a personal introduction made by the employee. In some instances, the employee will make the initial contact with the prospect, and then turn over the lead to the appropriate sales and marketing person for follow up. In other instances it may be appropriate for the employee to remain more actively involved throughout the sales process. If a marketing person is involved in the sale, the marketing personnel will receive a commission equal to the amount that would otherwise have been payable based on his/her existing compensation agreement, less the amount paid to the employee. In order to avoid conflicts and duplicate calling, the employee should first seek the approval of the relevant business unit COO prior to contacting any prospect. Awards will be paid only against revenues received by the firm during the employment of the participant.

Specific Awards - Research and Consulting

For each Qualified Prospect that becomes a research client or a consulting client of its affiliate KDP Investment Advisors, Inc., the employee will receive an award equal to 5% of the fee revenue generated during the first 12 months for the new service. A new service for an existing client will be eligible for an award. Awards will be payable within 30 days following the end of the quarter in which the fees were received.

Specific Awards - Asset Management

For each Qualified Prospect that becomes an asset management client, the employee will receive an award equal to 10% of the management fees received from such client for a period of 5 years. Awards will be payable within 30 days following the end of the quarter in which the fees were received.

Item 6 – Supervision

Kingman Penniman is the President and Chief Investment Officer, and Interim Chief Compliance Officer of KDP Asset Management, Inc. and has no direct supervisor at KDP Asset Management, Inc. A committee comprised of senior investment professionals typically meets weekly to review investment-related decisions, policies and procedures. The advice provided to clients by Mr. Penniman is subject to the review of the Compliance Committee and Risk Management Committee which monitor compliance with KDP policies and procedures and the specific investment guidelines set forth by the client. Any violations or discrepancies are reported to the Compliance Committee for review and appropriate action. Clients may direct any complaints about Kingman Penniman's performance to CJ Flynn, Compliance Officer for KDP Asset Management, Inc. at 802-262-1375.

Item 7- Requirements for State-Registered Advisers

No information is applicable to this item.