

**Item 1 – Cover Page**

**Form ADV Part 2A: FIRM BROCHURE**

**DUPREE FINANCIAL GROUP, LLC**

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**March 1, 2022**

This brochure provides information about the qualifications and business practices of Dupree Financial Group, LLC.

Should you have any questions about the contents of this brochure, please contact us at (859)233-0400 or e-mail William M. Ambrose, Chief Compliance Officer (CCO) of the Firm at [bambrose@dupreefinancial.com](mailto:bambrose@dupreefinancial.com). Please note that the information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Dupree Financial Group, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information you can use to determine to hire or retain an adviser.

Additional information about Dupree Financial Group, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Pursuant to SEC rules, Dupree Financial Group will provide a summary of material changes to its brochure within 120 days of the close of its fiscal year. Dupree Financial Group will provide further disclosures about material changes, as deemed necessary. Additionally, Dupree Financial Group will provide to clients a new brochure as necessary, without charge.

- With the volatility of the market during 2021, the firm has reallocated assets from individual securities into exchange traded funds (ETFs). ETFs have a broader market and deeper daily trading activity, which allows the purchase or sale of securities promptly.

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#### **Item 4 – Advisory Business**

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Founded in 2003 by Thomas P. Dupree, Jr., Dupree Financial Group, LLC (“Dupree Financial Group” or “we” or “our” or the “Firm”) is registered as an investment adviser with the SEC. Dupree Financial Group is a limited liability company formed under the laws of the Commonwealth of Kentucky.

Dupree Financial Group is owned by Thomas P. Dupree, Jr.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

Dupree Financial Group’s primary purpose is managing investment assets for retirees and those planning to retire. We tailor investment advisory services to the specific needs of each of our clients. Our investment recommendations are typically generated from Dupree Financial Group’s original research. We provide two types of investment advisory services for our clients: portfolio management services and asset management services. Client accounts for which we provide portfolio management services to are held at independent brokerage firms; our primary investment custodians are Fidelity and TD Ameritrade. We also provide asset management advice for retirement accounts held in Institutional Retirement Plan for the University of Kentucky held at Fidelity.

Dupree Financial Group works with each client to establish an investment policy, including determining investment goals and risk tolerance, establishing asset allocation parameters, establishing cash flow and liquidity requirements and setting reasonable expectations for investment returns. Based on the risk and return objectives set forth in each client’s investment policy, Dupree Financial Group recommends investments to create a diversified portfolio that best fits with the client’s goals and priorities and the opportunity set presented by changing market conditions.

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.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

As mentioned above, Dupree Financial Group tailors its investment advisory services to the individual needs of its clients. In addition to investment advice for retirement accounts, we may provide advice on private placements, pooled investment vehicles and other alternative investments. Dupree Financial Group may also, in its 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(s) held in that client's portfolio. Clients can impose restrictions on investing in certain securities or types of securities.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Dupree Financial Group does **not** participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.**

As of December 31, 2020, Dupree Financial Group manages \$269,279,725, one hundred (100%) percent of it on a discretionary basis.

## **Item 5 – Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

Dupree Financial Group is paid a fee in consideration for the investment management services provided to its advisory clients at the rates agreed to in written advisory contracts. Our 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. Portfolio management services include \$253,362,512 as of December 31, 2020. Asset management advice includes \$15,917,213 as of December 31, 2020. These annual fees are pro-rated and paid quarterly in advance based upon the quarter end market value of each client's account. The percentage calculation of the annual fee will not be increased without prior written notice to a client. Fees are not negotiable,

but Dupree Financial Group has deviated in certain circumstances from the below-listed fee investment fees in its sole discretion.

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%

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

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 quarterly in advance 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 and/or 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 delivers a quarterly account statement directly to the client, showing all holdings, additions and disbursements from the account. Clients are strongly encouraged to review all account statements for accuracy.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

Clients will 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.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

As mentioned above in 5.B., 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 quarterly in advance 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 and/or 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. 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 investment advisory services agreement upon written notice to the other party. In the event of termination, fees will be charged on a pro-rata basis and any unearned fees will be refunded to the client.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Neither Dupree Financial Group nor any supervised person accepts compensation for the sale of securities or other products.

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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

Dupree Financial Group does not accept performance-based fees.

## **Item 7 – Types of Clients**

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

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, for a particular client with special circumstances, at the sole discretion of management.

Dupree Financial Group provides personal investment advisory and asset management services for the pension plans of individuals that are employees of the University of Kentucky. Dupree Financial Group negotiates the terms of such services as well as the fees of such services with these individual clients. For these asset management clients, there is no minimum requirement to maintain an account.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

Dupree Financial Group utilizes a modified value-based investment strategy. In its original meaning, this term was used to describe the purchase of securities which were trading below their net liquidating values. Today, these types of securities are more difficult to find. Value investing has come to mean investing in any security, which for various reasons may be trading lower than similar securities in the marketplace. In addition, we seek securities with a history of long-term dividends payout that increases over time with earnings and cash flow.

Dupree Financial Group invests in equity and fixed-income Exchange Traded Funds (ETFs) that track broad indexes (eg. S&P 500, short-term US Treasury etc.). The firm also invests in sector ETFs (Financial, Industrial etc.) if it deems certain sectors/industries to have a favorable outlook. Additionally, the firm invests in individual securities including stocks and bonds by conducting due-diligence using a bottom-up security analysis approach.

In researching companies, a company's financial information is studied in detail, namely balance sheet, cash flow and income statements. Based on this information, Dupree Financial Group



evaluates certain performance metrics (*e.g.*, profit margin, debt/equity, return on equity, interest coverage, dividend payout ratios) to determine operational efficiencies. We also evaluate certain valuation metrics (*e.g.*, price/earnings, price/cash flow, book value) to determine relative value. While investing in exchange-traded funds or mutual funds, the goal is to understand the fund's investment objectives, the investment manager's track record and performance of the fund over a period of time.

In addition, Dupree Financial Group also consider various economic and market data published by the Federal Reserve and other governmental and private agencies. Dupree Financial Group also studies report(s) published by third-party investment managers and analysts, newsletters, newspapers and magazines to assess the state of the economy and obtain investment ideas.

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 recommend dividend reinvestment to clients who are not in need of income and have a longer investment horizon.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

Dupree Financial Group invests in Exchange Traded Funds (ETFs) and individual securities that we deem appropriate based on valuations and the risk-profile of the client. An investment using the Dupree Financial Group modified value-based investment strategy (as specified above) entails risks, including, but not limited to, the possibility of a complete loss of the amount invested. Many market-related and other factors, some of which cannot be anticipated, could result in an investor losing a material portion or all of their investment or prevent a client account from generating earnings. Dupree Financial Group investment strategies are subject to general investment risks, such as the following: securities market volatility and illiquidity; adverse political or economic events, negative global developments, unforeseen developments in a particular industry, changes in interest rates; operational risks; and in the case of debt securities, reinvestment risk and credit risk; inaccuracies in company-issued financial statements; and sustained periods of adverse securities market performance.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

Investing in securities involves risk of loss that clients should understand and be prepared to bear. All securities that Dupree Financial Group invests 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 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, such as 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 lead to lower bond prices as the fixed coupon from bonds becomes less attractive in a higher interest rate environment. A longer duration bond becomes potentially more volatile in price. Prepayment 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 occurs because of a bond issuer's failure to comply with a legal requirement of the bond issue.

**Item 9 – Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Like other registered investment advisers, Dupree Financial Group is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of Dupree Financial Group or the integrity of Dupree Financial Group's management.

On October 5, 2016, the Securities and Exchange Commission issued an Administrative Order against the firm for failure to conduct annual compliance reviews over a multi-year period, pursuant to Section 206(4) of the Advisers Act. Under the order, Dupree Financial Group, LLC accepted a censure for its compliance lapses and agreed to pay a \$25,000 fine while also explicitly committing to avoid repeat violations of the relevant provisions of the Investment Advisers Act.

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

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Neither Dupree Financial Group nor any of its Supervised Persons are registered or have an application pending to register as a broker-dealer, or associated person of the foregoing, and Dupree Financial Group does not anticipate such affiliations in the future.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.**

Neither Dupree Financial Group nor any of its Supervised Persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading adviser, or associated person of the foregoing. Dupree Financial Group does not anticipate such affiliations in the future.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

- 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**
- 2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)**
- 3. Other investment adviser or financial planner**
- 4. Futures commission merchant, commodity pool operator, or commodity trading advisor**
- 5. Banking or thrift institution**
- 6. Accountant or accounting firm**
- 7. Lawyer or law firm**
- 8. Insurance company or agency**
- 9. Pension consultant**
- 10. Real estate broker or dealer**
- 11. Sponsor or syndicator of limited partnerships.**

Dupree Financial Group does not have arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading advisor or futures commission merchant, banking or thrift institution, accounting firm, law firm, pension consultant, or real estate broker or dealer that are material to its advisory services.

Dupree Financial Group has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, banking, tax preparation, insurance brokerage, and other personal services. None of the above relationships, however, create a material conflict of interest with clients.

From time to time, Dupree Financial Group receives training, information, promotional material, meals, gifts, or prize drawings from vendors and others with whom it does business or to whom it makes referrals. At no time will Dupree Financial Group accept money, benefits, gifts, or other arrangements that are conditioned on directing individual client transactions to a specific security, product, or provider. Gifts over a reasonable amount are to be given to charity or returned to the giver.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Dupree Financial Group does not receive compensation directly or indirectly for recommending or selecting other investment advisers for clients.

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

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

### **Code of Ethics**

As fiduciaries, Dupree Financial Group and its employees have certain legal obligations to put the clients' best interests ahead of their own. Dupree Financial Group has adopted a written code of ethics based on principles of openness, honesty, integrity and trust. At least once a year, each

Dupree Financial Group employee is required to acknowledge this code and agree to be bound by it.

Dupree Financial Group's code of ethics covers standards of business conduct, supervised persons prohibited business practices; personal trading procedures; reporting of personal securities transactions; insider trading; procedures designed to detect and prevent insider trading; gifts and entertainment; outside business activities; and administration of the code of ethics.

Dupree Financial Group expects every employee to adhere strictly to these guidelines and demonstrate the highest standard of ethical conduct for continued employment with Dupree Financial Group. Firm personnel who violate the code of ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Personnel are also required to promptly report to the Chief Compliance Officer any violations of the code of ethics of which they become aware.

Dupree Financial Group will provide a copy of its Code of Ethics to any existing or prospective investor upon request to its Chief Compliance Officer, William M. Ambrose, at bambrose@dupreefinancial.com or (859) 233-0400.

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

**Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.**

### **Participation or Interest in Client Transactions**

Dupree Financial Group officers and employees carry on investment activities for their own account(s) and for family members, friends or others, and give advice and recommend securities to vehicles or accounts which differ from advice given to, or securities recommended or bought for, Dupree Financial Group clients, even though their investment objectives may not be the same or similar. Dupree Financial Group officers and employees may also trade in the securities and derivatives markets or make other investments for their own accounts, including the use of margin and option trading, and in doing so may take positions opposite to, or ahead of (including trading positions with preferential terms), those held by Firm clients. Records of this trading will not be available for inspection by clients.

Neither Dupree Financial Group nor an officer or employee will engage in principal transactions between a proprietary account and a client account without first obtaining the prior written approval of the Chief Compliance Officer and the consent of the client.

Although it does not expect to, from time to time, Dupree Financial Group may, in rare occasions, complete securities trades (including outright purchases and sales) between a client account, known as a “cross trade.” In the rare event this occurs, any cross-trading transactions conducted between client accounts will be made at the then market rate for similar transactions between unrelated parties and only where an independent pricing mechanism (such as the last sales price on the exchange where the security is principally traded) is available.

### **Conflicts of Interest**

As an investment adviser, Dupree Financial Group owes a fiduciary duty to its clients. As part of its fiduciary duty, the Firm must put the interests of its clients ahead of its own and, in doing so, must take reasonable steps to avoid conflicts of interest between the Firm and its clients. The Firm’s fiduciary duty requires it to: (i) identify any actual or potential conflicts of interest; (ii) disclose them to clients; and (iii) take reasonable steps to mitigate the effects of such conflicts of interests on its clients.

Dupree Financial Group makes every reasonable effort to disclose actual or potential conflicts of interests to its clients. In addition, Dupree Financial Group considers it a best practice to continually evaluate its potential conflicts of interest and take action or make disclosures when appropriate. The Chief Compliance Officer will evaluate on an ongoing basis any conflicts of interest encountered; how to best address the conflict; what mitigation, if any, is required; and whether disclosure is required to its clients. The Firm considers its entire compliance program as part of the Firm-wide integrated effort to further these goals.

In the event that Dupree Financial Group encounters what it determines to be an actual conflict of interest in connection with a client or investment, Dupree Financial Group will take such actions as necessary and appropriate to resolve the conflict. These actions may include disposing of the asset giving rise to the conflict, appointing an independent fiduciary or obtaining advice from outside counsel. There can be no assurance that all conflicts of interest will be successfully resolved.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

## **Personal Trading**

Dupree Financial Group's officers and employee personal trading presents potential conflicts of interest in that an employee could make improper use of information regarding clients' holdings or future transactions or research paid for by the Firm.

Dupree Financial Group manages the potential conflicts of interest inherent in employee trading by strict enforcement of its code of ethics, which includes certain pre-clearance and reporting requirements. The Firm has 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, the code of ethics requires employees to submit on a periodic basis, personal securities transactions and holdings reports for review by the Chief Compliance Officer.

Dupree Financial Group's employees are permitted to make securities transactions in their personal accounts, subject to certain limitations. In particular, Dupree Financial Group employees are not to knowingly trade for their own accounts in a manner that is detrimental to clients and they are not to profit from their knowledge that clients intend to engage in particular transactions. Dupree Financial Group purchases or sells securities for its clients which it and/or its employees own, have owned, or may own.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Please refer to Items 11.A, 11.B, and 11.C.

## **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

- 1. *Research and Other Soft Dollar Benefits.* If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.**

- a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.**
- b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.**
- c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.**
- d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.**
- e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.**
- f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.**

Dupree Financial Group has the authority to determine which broker, dealer or custodian to use for client accounts. We consider the following factors in recommending brokers, dealers or custodians to a client: the entity's financial strength, reputation, execution, pricing and service; the quality of the investment research; our prior experience with the entity; and any special execution, clearance, settlement, and custody or recordkeeping capabilities. As a result, we do not select the broker or entity with the lowest commission rate. In selecting brokers to execute transactions, we need not solicit competitive bids and do not have an obligation to seek the lowest available commission. In return for effecting securities transactions through certain brokers, dealers or custodians, Dupree Financial Group does receive certain support services that assists it and its representatives in the investment decision-making process for a client.

Fidelity is an unaffiliated SEC-registered broker-dealer and FINRA member. Fidelity offers to independent investment advisers' services which include custody of securities, trade execution, clearance and settlement of transactions. Dupree Financial Group receives some benefits from Fidelity through its participation in the program (see disclosures under Item 14 for more



information). Dupree Financial Group and/or our representatives may receive benefits such as assistance with conferences and educational meetings from product sponsors.

TDAmeritrade is an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers' services which include custody of securities, trade execution, clearance and settlement of transactions. Dupree Financial Group receives some benefits from TD Ameritrade through its participation in the program (see disclosures under Item 14 for more information). Dupree Financial Group and/or our representatives may receive benefits such as assistance with conferences and educational meetings from product sponsors.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Dupree Financial Group will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e). Research and brokerage services within Section 28(e) may include, but are not limited to: research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; analyses concerning specific securities, companies or sectors; and data services (including services providing market data, company financial data and economic data); services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an investment manager and a broker-dealer); and trading software operated by a broker-dealer to route orders.

Research and brokerage services obtained by the use of commissions arising from client transactions are used by Dupree Financial Group in other investment activities and thus clients may not always be the direct or indirect beneficiary of the research or brokerage services provided.

- 2. *Brokerage for Client Referrals.* If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**
  - a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.**
  - b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.**

Dupree Financial Group has not entered into any such referral arrangements.

**3. *Directed Brokerage.***

- a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.**
- b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.**

When applicable, a client can 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 a 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 any aggregate trades placed, if applicable. As a result, a client directing brokerage may pay higher commissions or other transaction costs or greater spreads, and thus, receive less favorable net prices, on transactions for the account that would otherwise be the case and a most favorable execution may not be obtained.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

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 the standard brokerages fees, as applicable, based upon each account's

participation in the transaction. Block trading may also include proprietary or related accounts of Dupree Financial Group.

In some cases, based upon the size and holdings of a clients or any preferences, clients may not be included in an aggregate order. Accordingly, in some instances, different clients may receive different prices on securities transactions executed at different date and time.

### **Item 13 – Review of Accounts**

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

Dupree Financial Group periodically reviews client accounts. Reviews of accounts are performed by the firm's Register Investment Advisors (see Part 2B). Portfolio management accounts are monitored on a continuous basis and are reviewed on an annual basis. Asset allocation accounts are also reviewed on an annual basis. Account review involves discussion and analysis of the client's goals and objectives, overall market and economic conditions, portfolio composition, industry composition and change in performance.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

Account reviews on other-than-periodic basis would occur in the event of performance anomalies, unexpected market volatility, changes in the fundamentals of an investment or changes in economic outlook. In addition to regular client account reviews, Dupree Financial Group review client accounts when there is a major change in the client circumstances, such as death of a spouse or change in investment objective or outlook.

**C. Describe the content and indicate the frequency of regular reports you provide to Clients regarding their accounts. State whether these reports are written.**

Clients should receive all written reports and confirmations of all transactions directly from the broker-dealer or custodian for the client accounts.

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

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of**

**interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

As disclosed under Item 12 above, Dupree Financial Group participates in institutional customer programs of Fidelity and TD Ameritrade's and Dupree Financial Group utilizes both for custody and brokerage services of its client's accounts. There is no direct link between Dupree Financial Group's participation in these programs and the investment advice it gives to its clients, although Dupree Financial Group receives economic benefits through its participation in these programs that are typically not available to 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 clients; 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.

Fidelity and TD Ameritrade also have paid for business consulting and professional services received by Dupree Financial Group or its related persons. Some of the products and services made available through the program benefit Dupree Financial Group but may not directly benefit its client accounts. These products or services assist Dupree Financial Group in managing and administering client accounts. Other services made available 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 either custodian.

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 benefits by Dupree Financial Group or its related persons creates a potential conflict of interest may be indirectly influence Dupree Financial Group's choice for custody and brokerage services.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the 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 arrangement(s), but reserves the right to do so at its discretion.

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.

### **Item 15 – Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

Dupree Financial Group *does not* have custody over client accounts or the assets held within the account. For those accounts where a client has authorized the custodian to debit fees for advisory services, the custodian or an independent third party, who is not related to Dupree Financial Group, makes all fee calculations and deducts the fees from the client's account; for such clients, Dupree Financial Group does not calculate the client's advisory fee and does not send a bill to the client. For clients where the custodian does not debit advisory fees directly, Dupree Financial Group bills the client directly for the advisory services fees and the client remits payment to the Firm. These bills are also calculated as specified above.

In addition, Dupree Financial Group do not maintain physical custody of client assets, but use various custodians, currently Fidelity or TD Ameritrade, to hold client securities as qualified custodians. Further, we do not accept additional contributions of capital ourselves but direct our clients either to send their capital contributions directly to the appropriate qualified custodian or to make their contributions payable to the custodian for the benefit of their respective account. In the latter case, we transfer the client's funds directly to Fidelity or TD Ameritrade on the same business day of receipt.

Each client should receive account statements directly from the qualified custodian on at least a quarterly basis and should carefully review those statements for accuracy and completeness.

### **Item 16 – Investment Discretion**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Dupree Financial Group's investment management services are generally provided on a discretionary basis. At this time, we do not provide investment management services on a non-discretionary basis to any clients. Where Dupree Financial Group has discretionary management authority, Dupree Financial Group 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. Dupree Financial Group's investment advisory services agreement, and the agreement between the client and the custodian/broker-dealer for the account, grant discretionary authority to Dupree Financial Group. Once a client executes an investment management or similar document with Dupree Financial Group, the Firm is not required to contact the client prior to transacting any business, unless otherwise specified. The client's written agreement with the custodian also grants a limited power of attorney to Dupree Financial Group to effect transactions in the client's custodial account.

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

#### **Item 17 – Voting Client Securities**

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

Dupree Financial Group does not vote proxies for clients.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

Dupree Financial Group'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**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

- 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.**
- 2. Show parenthetically the market or fair value of securities included at cost.**
- 3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.**

Dupree Financial Group do not require prepayment of more than \$1,200 in fees per client, six months or more in advance.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

Dupree Financial Group has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to investors.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Dupree Financial Group has not been the subject of a bankruptcy proceeding.

## Brochure Supplement

### Form ADV Part 2B: BROCHURE SUPPLEMENT

#### Dupree Financial Group, LLC

237 East Main Street  
Lexington, Kentucky 40507  
(859) 233-0400  
bamrose@dupreefinancial.com  
[www.dupreefinancial.com](http://www.dupreefinancial.com)

**March 1, 2022**

This brochure supplement provides information about employees of Dupree Financial Group, LLC (“Dupree Financial Group” or the “Firm”) that supplements Dupree Financial Group’s Brochure. Please contact William M. Ambrose, the Firm’s Chief Compliance Officer, at (859) 233-0400 or bamrose@dupreefinancial.com if you did not receive Dupree Financial Group’s Brochure or if you have any questions about the contents of this Brochure Supplement.

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



**Thomas P. Dupree, Jr.**

Year of Birth: 1956

Founder and President

Dupree Financial Group, LLC

237 East Main Street

Lexington, Kentucky 40507

(859) 233-0400

**Item 2 – Educational Background and Business Experience**

Mr. Dupree received a B. A. in English from the University of the South. Since 2003, Mr. Dupree has been the Founder and President of Dupree Financial Group.

**Item 3 – Disciplinary Information**

In 2010, a former client filed an arbitration claim with FINRA against Raymond James Financial Services, Inc., which included Thomas Dupree, Jr., seeking restitution for losses incurred during 2008-09. The damage amount requested was \$1,600,000 and the amount granted in settlement was \$40,000. Mr. Dupree was dismissed from the claim with prejudice and without having to pay any consideration.

**Item 4 – Other Business Activities**

Mr. Dupree is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Dupree does not receive an economic benefit for providing advisory services, other than the regular compensation paid by Dupree Financial Group.

**Item 6 – Supervision**

Mr. Dupree is supervised on compliance matters by William M. Ambrose, the Firm's Chief Compliance Officer, who may be reached at bambrose@dupreefinancial.com or (859) 233-0400.

**Michael A. Johnson, CFP®**

Year of Birth: 1984

Investment Adviser Representative

Dupree Financial Group, LLC

237 East Main Street

Lexington, Kentucky 40507

(859) 233-0400

**Item 2 – Educational Background and Business Experience**

Mr. Johnson received a B. B. A. in Finance and Management from the University of Kentucky. Since 2006, Mr. Johnson has been an investment adviser representative of Dupree Financial Group.

**Item 3 – Disciplinary Information**

Mr. Johnson has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Johnson is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Johnson does not receive an economic benefit for providing advisory services, other than the regular compensation paid by Dupree Financial Group.

**Item 6 – Supervision**

Mr. Johnson is supervised on compliance matters by William M. Ambrose, the Firm's Chief Compliance Officer, who may be reached at bambrose@dupreefinancial.com or (859) 233-0400.

**Chad Sturgill, CFA®**

Year of Birth: 1971

Senior Portfolio Manager

Dupree Financial Group, LLC

237 East Main Street

Lexington, Kentucky 40507

(859) 233-0400

**Item 2 – Educational Background and Business Experience**

Mr. Sturgill received his BA in Political Science from Duke University. He was awarded the Chartered Financial Analyst® charter in 2009. He is a member of the CFA® Society of Louisville. Mr. Sturgill has worked in the investment business for more than 23 years. Prior to joining Dupree Financial Group, Mr. Sturgill worked as a Senior Portfolio Manager for Unified Trust Company and as a Trust Officer and Portfolio Manager for Community Trust and Investment Company. Since 2022, Mr. Sturgill has been an investment adviser representative of Dupree Financial Group.

**Item 3 – Disciplinary Information**

Mr. Sturgill has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Sturgill is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Sturgill does not receive an economic benefit for providing advisory services, other than the regular compensation paid by Dupree Financial Group.

**Item 6 – Supervision**

Mr. Sturgill is supervised on compliance matters by William M. Ambrose, the Firm's Chief Compliance Officer, who may be reached at bambrose@dupreefinancial.com or (859) 233-0400.

**Timothy Edward Terry, Sr.**

Year of Birth: 1956

Investment Adviser Representative

Dupree Financial Group, LLC

237 East Main Street

Lexington, Kentucky 40507

(859) 233-0400

**Item 2 – Educational Background and Business Experience**

Mr. Terry received a B. S in Accounting from the University of Kentucky. Since 2019, Mr. Terry has been the Chief Financial Officer of Dupree Financial Group.

**Item 3 – Disciplinary Information**

Mr. Terry has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Terry is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Terry does not receive an economic benefit for providing advisory services, other than the regular compensation paid by Dupree Financial Group.

**Item 6 – Supervision**

Mr. Terry is supervised on compliance matters by William M. Ambrose, the Firm's Chief Compliance Officer, who may be reached at bambrose@dupreefinancial.com or (859) 233-0400.

**William M. Ambrose**

Year of Birth: 1958

Chief Financial Officer & Chief Compliance Officer

Dupree Financial Group, LLC

237 East Main Street

Lexington, Kentucky 40507

(859) 233-0400

**Item 2 – Educational Background and Business Experience**

Mr. Ambrose received a B. S. in Economics from Centre College. Since 2015, Mr. Ambrose has been Chief Compliance Officer at Dupree Financial Group. Prior to Dupree Financial Group, Mr. Ambrose was an independent consultant and accountant.

**Item 3 – Disciplinary Information**

Mr. Ambrose has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Ambrose is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

**Item 5 – Additional Compensation**

Mr. Ambrose may receive additional compensation from his role as consultant and accountant for other firm; however, such compensation does not create a conflict of interest with his role at Dupree Financial Group.

**Item 6 – Supervision**

Mr. Ambrose is supervised on compliance matters by Thomas P. Dupree, Jr., the Firm's Founder and President, who may be reached at [tdupree@dupreefinancial.com](mailto:tdupree@dupreefinancial.com) or (859) 233-0400.