



Registered Investment Advisors  
257 Mount Vernon Hwy, N.E.  
sbinc@shawandbaugh.com  
(404) 256-0268 or (866) 272-9553  
Fax: (404) 256-1154

## **BAUGH & ASSOCIATES, LLC CODE OF ETHICS**

### **PREAMBLE**

The Baugh & Associates, LLC (hereinafter, the “**Firm**”) Code of Ethics (hereinafter, the “**Code**”) expresses the Firm’s values, and adhering to the Code is essential to achieving the Firm’s mission of maintaining its position as a leader in the investment profession by setting high standards of education, integrity, and professional excellence. High ethical standards are critical to maintaining the Firm’s clients’ and the public’s trust in the Firm and in the investment profession generally. The Code consists of 3 parts, this Preamble, General Ethical and Professional Requirements, which, as its title indicates, expresses in general terms the fiduciary standards, objectives and general values and qualities of attitude, integrity and loyalty the Firm expects all its employees to maintain, and the Firm’s Rules of Employee Conduct, which express in more specific terms the fiduciary obligations of the Firm’s employees to the Firm, its clients and prospective clients, and the types of conduct which the Firm will require of and in some cases prohibit its employees from engaging in, in order to assure that the Firm’s employees comply with the Firm’s fiduciary obligations, ethical standards and all applicable laws and SEC rules and regulations.

The Firm shall provide each employee with a copy of the Firm’s Code, and any amendments thereto, and each employee is obligated to read and understand the Code promptly after accepting employment with the Firm, or after receipt of any amendment thereto. Each employee is required by the Firm to sign a written acknowledgement of his or her receipt of the Code and any such amendment(s).

The Firm also discloses the existence of the Code to all its clients, and will provide a copy of the Code without charge to any client who requests one.

Violations of the Firm’s Code of Ethics by an employee may result in mandatory re-training, reprimand, suspension, demotion and termination of employment by the Firm.

### **GENERAL ETHICAL AND PROFESSIONAL REQUIREMENTS**

All employees of the Firm must:

- Act with integrity, competence, diligence, respect, and in an ethical manner with clients, prospective clients, fellow employees, and, when the employee’s duties make such conduct relevant, with the public, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of their employment duties and the interests of clients above their own personal interests;

- Use reasonable care and, where applicable, exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage other employees to practice in a professional and ethical manner that will reflect credit on the Firm and the profession;
- Promote the integrity of, and uphold the rules governing capital markets;
- Maintain and improve their competence; and
- If applicable, strive to maintain and improve the competence of other employees.

## **RULES OF ETHICAL CONDUCT**

### **I. PROFESSIONALISM**

**A. Compliance with Securities Laws.** All employees must understand and fully comply with all applicable securities laws, and with all other laws, rules and regulations of all government agencies applicable to the Firm's business, and must not knowingly participate or assist in, and must dissociate from any violation of such laws, rules, or regulations.

**B. Knowledge of and Mandatory Compliance with the Firm's Code of Ethics.** All employees must understand and comply with the Firm's Code of Ethics at all times during their employment. In the event of any conflict or inconsistency between the Firm's Code of Ethics and applicable securities laws, rules and regulations of government agencies applicable to the Firm, and the code of ethics or similar rules of any professional associations of which an employee may be a member, the employee must comply with any more strict law, rule, regulation, or code. Employees must not knowingly participate or assist in, and must dissociate from any violation of such laws, rules, regulations and codes.

**C. Independence and Objectivity.** Employees must use reasonable care and judgment to achieve and maintain independence and objectivity in their employment activities. Employees must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise the Firm's or their own or another's independence and objectivity.

**D. Misrepresentation.** Employees must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.

**E. Misconduct.** Employees must not engage in any conduct, professional or otherwise, involving dishonesty, fraud, or deceit or commit any act that reflects adversely on the reputation, integrity, or competence of themselves or the Firm.

### **II. INTEGRITY OF CAPITAL MARKETS**

**A. Material Nonpublic Information.** Employees who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.

**B. Market Manipulation.** Employees must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

### III. DUTIES TO CLIENTS

**A. Loyalty, Prudence, and Care.** All employees have a duty of loyalty to all clients of the Firm and must act with reasonable care and exercise prudent judgment. Employees must act for the benefit of the Firm's clients and place the clients' interests before the Firm's or their own interests. In relationships with clients, all employees must determine applicable fiduciary duty and must comply with such duty to persons and interests to whom it is owed.

**B. Fair Dealing.** Advisory Employees must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities. Administrative Employees shall not offer any investment analysis, recommendations, actions, or other investment advice which they are not qualified, or, if applicable, licensed to offer, or engage in other activities which they are not qualified, or, if applicable, licensed to perform.

#### C. Suitability.

1. Advisory Employees must:

a. Make a reasonable inquiry into a client's or prospective clients' investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly;

b. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action; and

c. Judge the suitability of investments in the context of the client's total portfolio.

2. Advisory Employees shall manage all portfolio according to the Firm's stated mandate, strategy, and style, and they must only make investment recommendations or take investment actions that are consistent with the stated objectives and constraints of the Firm.

**D. Performance Presentation.** When communicating investment performance information, all employees must make reasonable efforts to ensure that it is fair, accurate, and complete. Employees who are not Advisory Employees shall not attempt to communicate investment performance information.

**E. Preservation of Confidentiality.** All employees must keep information about current, former, and prospective clients confidential unless:

1. The information concerns illegal activities on the part of the client or prospective client;

2. Disclosure is required by law; or

3. The client or prospective client permits disclosure of the information.

The employee's obligations under this Paragraph will survive the termination of the employee's employment with the Firm.

### IV. DUTIES TO THE FIRM

**A. Loyalty.** In matters related to their employment, all employees must act for the benefit of the Firm and not deprive the Firm of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to the Firm.

**B. Responsibilities of Advisory Employees.** Each Advisory Employee must make reasonable efforts to detect and prevent violations of applicable laws, rules, regulations, and the Code by anyone employed by the Firm.

## V. INVESTMENT ANALYSIS, RECOMMENDATIONS AND ACTION

**A. Diligence and Reasonable Basis.** Advisory Employees must:

1. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions; and
2. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.

**B. Communication with Clients and Prospective Clients.** Advisory Employees shall:

1. Disclose to clients and prospective clients the basic format and general principles of the investment processes used to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes;
2. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients; and
3. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.

**C. Record Retention.** Advisory Employees must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications with clients and prospective clients.

## VI. CONFLICTS OF INTEREST

**A. Disclosure of Conflicts.** All employees of the Firm must make full and fair disclosure of all matters, including the filing of any required Holdings Reports and Transactions reports by Access Persons, as provided by **Paragraph B** below, that could reasonably be expected to impair their independence and objectivity in carrying out their duties, or interfere with their duties to the Firm and its clients and prospective clients. All employees must ensure that all such required disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.

**B. Disclosure of Personal Transactions by Access Persons.**

### 1. Holdings Reports.

**a.** All employees of the Firm who are or become Access Persons (as defined herein) must submit to the Chief Compliance Officer (as defined herein), within the period specified by **Paragraph 4** below, a report (“Employee Holdings Report”) of the Access Person’s current securities holdings that meets the following requirements:

- i.** The title and type of security, and, as applicable, the exchange ticker symbol or CUSIP number, the number of shares, and principal amount of each reportable security in which the Access Person has any direct or indirect beneficial ownership;

- ii. The name of any broker, dealer or bank with which the Access Person maintains an account in which any securities are held for the Access Person's direct or indirect benefit; and
- iii. The date the Access Person submits the report.

**b. Time for Submission of Employee Holdings Reports.** Each employee of the Firm who is an Access Person shall submit a Employee Holdings Report:

**i. Initial Employee Holdings Report.** No later than ten (10) days after the employee becomes an Access Person, and the information in such Employee Holdings Report ("**Initial Employee Holdings Report**") must be current as of a date no more than 45 days prior to the date such employee becomes an Access Person; and

**ii. Annual Employee Holdings Report.** At least once during each 12-month period after the submission of each Access Person's Initial Employee Holdings Report, said Employee Holdings Report ("**Annual Employee Holdings Report**") to be submitted not later than February 15th of each calendar year beginning with the calendar year after the calendar year in which the Access Person's Initial Employee Holdings Report was submitted, and the information in such Annual Employee Holdings Report must be current as of a date no more than 45 days prior to the date the Annual Employee Holdings Report was submitted.

**2. Transaction Reports.** Subject to the exceptions set forth in **Paragraph 3** hereof, all employees of the Firm who are Access Persons must submit to the Chief Compliance Officer (as defined herein) no later than 30 days after the end of each calendar quarter, covering at a minimum all transactions during that quarter, quarterly securities transaction reports ("**Transaction Reports**") that must contain, at a minimum, the following information about each transaction involving a reportable security in which the Access Person had, or as the result of the transaction acquired any direct or indirect financial ownership:

- a. the date of the transaction, the title, and, as applicable, the exchange ticker symbol or CUSIP number, interest rate and maturity date, number of shares, and principal amount of each reportable security involved;
- b. the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);
- c. the price of the security at which the transaction was effected;
- d. the name of the broker, dealer, or bank with or through which the transaction was effected; and
- e. the date the Access Person submits the Transaction Report.

**3. Exceptions from Reporting Requirements.** Notwithstanding **Subparagraphs 1 and 2** of this **Paragraph B**:

- a. Access Persons are not required to include any information otherwise required to be included in a Holdings Report or Transaction Report hereunder:
  - i. with respect to securities held in accounts over which the Access Person had no direct or indirect influence or control;
  - ii. with respect to any transaction effected pursuant to an automatic investment plan; or

iii. which duplicates information contained in broker trade confirmations or account statements which the Firm holds in its records, so long as the Firm receives such confirmations and statements not later than 30 days after the end of the applicable calendar quarter.

b. In the event that the Firm has only one (1) Access Person, that Access Person is not required to submit reports otherwise required hereunder to him- or herself, or to obtain the Firm's approval for investments in any security in an initial public offering or in a limited offering, if the Firm maintains records of all that Access Person's holdings and transactions that would otherwise be required under this **Paragraph B**.

**C. Pre-Approval of Certain Investments.** Access Persons must obtain the approval of the Firm's Chief Compliance Officer before such Access Person acquires directly or indirectly beneficial ownership of any security in an initial public offering or in a limited offering.

**D. Reporting Violations.** All employees of the Firm shall promptly report any violations of the Firm Rules of Employee Conduct to the Chief Compliance Officer.

**E. Referral Fees.** Employees other than LARRY J. BAUGH are strictly prohibited from soliciting or accepting any fee, compensation, consideration or benefit from, or paid to others for the recommendation of products or services. Any fee, compensation, consideration or benefit received by LARRY J. BAUGH, or paid to others by LARRY J. BAUGH for the recommendation of products or services shall be received or paid strictly for the benefit of the Firm, and must be disclosed to clients and prospective clients, as appropriate.

**F. Additional Compensation Arrangements.** Without limiting **Paragraph E** hereof relating to referral fees, employees must not accept gifts, benefits, compensation, or consideration that competes with, or might reasonably be expected to create a conflict of interest with, the Firm's interest, unless they obtain written consent from all parties involved.

## **VII. EMPLOYEES' OBLIGATION TO READ AND UNDERSTAND THE FIRM'S CODE.**

**A.** The Firm shall provide each employee with a copy of the Firm's Code promptly upon hiring the employee, and with any amendments thereto promptly after the adoption thereof by the Firm. Each employee is obligated to read and to become familiar with the rules of the Code applicable to the employee promptly after accepting employment with the Firm, or after receipt of any amendment to the Code, as the case may be.

**B.** Each employee is also obligated by accepting employment with the Firm to sign an express acknowledgment that: (i) the employee has received, read and understands the Firm's Code, and will further read and acknowledge that the employee understands each amendment thereto adopted by the Firm during the employee's employment, and (ii) the employee further understands and agrees that the restrictions on disclosure of confidential information received by the employee which is subject to the Firm's privacy policy shall continue to apply to the employee in perpetuity, notwithstanding termination of the employee's employment with the Firm for any reason.

## **VIII. DEFINITIONS.**

As used in this Code, the capitalized terms set forth below shall be defined as follows:

**A. Access Person.** "Access Person" means any employee of the Firm:

1. who has access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund; or

2. who is involved in making securities recommendations to clients, or who has access to such recommendations that are not public.

**B. Chief Compliance Officer.** “Chief Compliance Officer” means LARRY J. BAUGH, or his successor appointed by the Firm.

**C. Administrative Employee.** “Administrative Employee” means any person employed by the Firm who is not an Advisory Employee.

**D. Advisory Employee.** “Advisory Employee” means any employee of the Firm whose employment functions assigned by the Firm include to any material degree the performance of investment analysis, making investment recommendations to clients, exercising discretion in making investments for clients and offering other kinds of investment advice to clients.

**E. Employee.** “Employee” means any person who is a “Supervised Person” within the meaning of Section 202(a)(25) of the Advisors Act of 1940, and includes the Firm’s members, managers, employees, and any other persons, if any, including the employees of an affiliate who provide advice on behalf of the Firm, and are subject to the Firm’s direct or indirect supervision and control.

All other words and phrases used in the Code which are defined by **Paragraph e. of SEC Rule 204A-1** shall have the same meaning as is established by such Rule.