

**Form ADV Part 2A – Appendix 1 – Wrap Fee Program Brochure  
Item 1 – Cover Page**

**The Advocate Group, LLC**  
601 Carlson Pkwy., Suite 1100  
Minnetonka, MN 55305  
952-693-2630  
[www.theadvocategroup.com](http://www.theadvocategroup.com)

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of The Advocate Group, LLC. If you have any questions about the contents of this brochure, please contact Phillip W. Barnhill at 952.693.2630 or [pbarnhill@theadvocategroup.com](mailto:pbarnhill@theadvocategroup.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 Advocate Group, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view The Advocate Group, LLC's information on this website by searching for The Advocate Group, LLC. You may search for information by using The Advocate Group, LLC's name or by using The Advocate Group, LLC's CRD number. The CRD number for The Advocate Group, LLC is 155270.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## Item 2 – Material Changes

There have been no material changes to this wrap fee brochure since filing our last wrap fee brochure in February 2011. We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

## Item 3 – Table of Contents

Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	2
Item 4 – Services, Fees and Compensation .....	3
Program sponsored by The Advocate Group, LLC.....	4
Suitability and Investment Strategy.....	5
Brokerage, Clearing and Custody.....	5
Program Fees – Program I v. Program II.....	6
Additional Compensation, Economic and Non-Economic Benefits .....	7
Termination of Services .....	7
Aggregate Trades .....	7
Trade Error Policy .....	8
Item 5 – Account Requirements and Types of Clients.....	8
Opening an Account.....	8
Minimum Account Size.....	8
Types of Clients .....	8
Item 6 – Portfolio Manager Selection and Evaluation.....	9
General Description of Primary Advisory Services .....	9
Investment Philosophy .....	9
Financial Planning.....	10
Investment Management.....	10
Use of Third Party Money Managers .....	10
Specialization .....	10
Advice to Certain Types of Investments. ....	10
Participation in Wrap Fee Programs .....	11
Tailor Advisor Services to Individual Needs of Clients .....	11
Performance-Based Fees and Side-By-Side Management.....	11
Charting.....	11
Cyclical.....	11
Fundamental .....	12
Technical .....	12
Risk of Loss.....	12
Voting Client Securities .....	12
Item 7 – Client Information Provided to Portfolio Managers .....	12
Item 8 – Client Contact with Portfolio Managers.....	12
Item 9 – Additional Information .....	13
Disciplinary Information.....	13
Other Financial Industry Activities and Affiliations .....	13
Code of Ethics, Participation in Client Transactions and Personal Trading .....	14

Code of Ethics Summary .....	14
Affiliate and Employee Personal Securities Transactions Disclosure.....	15
Review of Accounts.....	15
Reviewing Accounts.....	15
Program Account Statements and Reports .....	15
Client Referrals and Other Compensation .....	16
Financial Information.....	16
Privacy Policy.....	16
Privacy Disclosure Statement. ....	16
Information Safeguarding.....	16

#### Item 4 – Services, Fees and Compensation

The Advocate Group, LLC is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”). The Advocate Group is a corporation formed under the laws of the state of Minnesota. The Advocate Group, LLC has been registered with the SEC as an investment advisor since April 2011.

The Advocate Group, LLC’s sister company, TAG Financial Services, Inc. (formerly known as The Advocate Group, Inc.) was founded in 2001 by Phillip and Michele Barnhill and Rick Lueck. After development of an analytical tool to explain and project the complex equity compensation structure of General Mills, we initiated an exclusive focus on serving the needs and interests of senior officers of General Mills. The practice grew rapidly by the efforts of the founders and referrals from existing clients. After a two year focus on exclusively working with Vice Presidents and above, the firm also began working with Director-level employees at General Mills. Over the years, the firm has expanded its service offering to senior officers of several other large Minnesota companies and today, Advocate Group clientele are now dispersed across the country.

The Advocate Group, LLC is a Minnesota limited liability company. The controlling members are listed below.

- Philip W. Barnhill, Member, Chief Executive Officer & Chief Compliance Officer
- Ricky L. Lueck, Member & President
- Michele A. Perry-Barnhill, Member, Secretary, & Operations Manager
- F. Echo Huang, Member
- David B. Van Benschoten, Member, Treasurer & Chief Investment Officer

**The Advocate Group, LLC** sponsors The Advocate Group Managed Account Program (referred to as “Program”). Program is a wrap-fee program. Only investment advisor representatives (referred to as “IARs”) of The Advocate Group may serve as portfolio managers in Program. Therefore, participants in Program must be advisory clients of The Advocate Group. All clients must execute an *Investment Management Agreement* prior to establishing an account(s) through Program.

The Advocate Group provides investment advisory services other than Program described in this Wrap Fee Program Brochure. A description of all fee-based investment advisory services provided by The Advocate Group is available in The Advocate Group’s Disclosure Brochure. Some of The Advocate Group’s IARs may also provide securities advice through their capacity as registered representatives of LPL Financial (referred to as “LPL Financial” or “LPL”), a broker/dealer, member of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investors Protection Corporation (“SIPC”). In their

separate capacities as registered representatives of LPL Financial, The Advocate Group's IARs that are LPL registered representatives may charge commissions on a per-transaction basis when implementing their advice on behalf of clients. The Advocate Group and LPL Financial are unaffiliated companies. When making the determination of whether one of the advisory programs available through The Advocate Group is appropriate for their needs, clients should keep in mind that fee based accounts, when compared with commission based accounts, often result in lower costs during periods when trading activity is heavier such as the year an account is established. However, during periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Some such factors are account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and the client's tax situation.

Clients should have a conversation with their advisor representative and read this Wrap Fee Program Brochure carefully as it explains, in detail, Program.

**Program sponsored by The Advocate Group, LLC**

Program has been developed through an arrangement with LPL whereby The Advocate Group utilizes LPL Financial's Strategic Wealth Management platform. Through Program, The Advocate Group provides investment management (also known as asset management) services which are defined as providing continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, The Advocate Group offers a customized and individualized investment program for clients

The Advocate Group will manage each client's individual account(s) based on the individual needs of the client. Pursuant to each client's specific investment objectives, securities held in Program accounts will generally include no-load and load-waived mutual funds, unit investment trusts (UITs), closed-end and Exchange Traded Funds (ETFs), stocks, bonds, certificates of deposit, hedge funds, managed futures, structured products, and options. The Advocate Group may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account.

The Advocate Group will work with each Program client to obtain information needed to determine the client's financial situation and investment objectives. Accounts are managed on the basis of each client's financial situation and investment objectives. At least annually, The Advocate Group contacts each individual client to determine whether their financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts managed. The Advocate Group shall be reasonably available to consult with individual clients relative to the status of their accounts. Clients shall have the ability to impose reasonable restrictions on the management of their accounts, including the ability to instruct The Advocate Group not to purchase certain securities. Client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. This means the client will be the sole owner of all securities held in their accounts. A separate account is maintained for each client with the custodian and clients retain right of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Program accounts are established at LPL Financial in its capacity as a registered broker/dealer. LPL Financial is also an investment advisor registered with the SEC, but does not serve as an investment advisor for The Advocate Group's clients through Program. Clearing, custody and other brokerage services are provided by LPL Financial for accounts established through Program. Therefore, clients will

be required to establish a brokerage account(s) through LPL Financial's Strategic Wealth Management platform.

Program accounts allow clients to authorize The Advocate Group to purchase and sell securities on a discretionary basis. The Advocate Group may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account. Upon establishment of a Program account, an IAR of The Advocate Group will be granted trading authorization on the client's account. However, upon a client's request, The Advocate Group will manage Program accounts on a non-discretionary basis. Clients must authorize in writing The Advocate Group's to manage accounts on a discretionary basis. Such authorization will be memorialized in the *Investment Management Agreement*. Discretionary authority allows The Advocate Group to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent prior to each transaction.

### **Suitability and Investment Strategy**

The Advocate Group will assist clients in determining their objective(s), investment strategy, and investment suitability, prior and subsequent to opening a Program account. Clients must contact and inform The Advocate Group of any changes in their investment objective(s) and/or financial situation. Investment strategies used to implement investment advice include, but are not necessarily limited to, long term purchases (securities held at least a year); short term purchases (securities sold within a year); and option writing, including covered options, uncovered options or spread strategies.

### **Brokerage, Clearing and Custody**

The LPL Strategic Wealth Management platform is used for all Program accounts and therefore LPL will be used as the introducing and clearing broker/dealer. IARs of The Advocate Group are registered representatives of LPL and are required to use the services of LPL when acting in their capacity as registered representatives. LPL has a wide range of approved securities products for which LPL performs due diligence prior to selection. LPL's registered representatives are required to adhere to these products when implementing securities transactions through LPL. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Because the IARs of The Advocate Group may also be registered representatives of LPL, The Advocate Group may receive support services and/or products from LPL Financial, which assist The Advocate Group to better monitor and service Program accounts maintained at LPL Financial. These support services and/or products may be received without cost and/or at a discount, and may include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, consulting services, attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by The Advocate Group in furtherance of its investment advisory business operations.

LPL will be the primary broker/dealer and custodian recommended due to The Advocate Group's IARs' relationship with LPL. The Advocate Group recommends broker/dealers and custodians that The Advocate Group feels will provide services in a manner and at a cost that will allow The Advocate Group to meet its duty of best execution. However, The Advocate Group may be limited in the broker/dealer or custodians that it is allowed to use due to The Advocate Group's IARs relationship with LPL. LPL may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By directing clients to use a particular broker/dealer, LPL, The Advocate Group may achieve the most favorable execution of client transactions and the practice requiring the use of LPL may cost clients more money than if the client used a different broker/dealer or custodian.

### **Program Fees – Program I v. Program II**

For managing accounts through Program, The Advocate Group charges an annual fee tied directly to the value of account assets. The annual investment advisory fee charged shall vary between 0.50% and 1.50% of the assets held in the account and is determined based upon the market value of the account. Fees are non-negotiable; however, at The Advocate Group's discretion, The Advocate Group may reduce its standard fee. Each client's specific fee arrangement will be determined based on factors such as, but not limited to, the total assets under management, the number of accounts managed, complexity of the client's financial situation, and the client's relationship with The Advocate Group.

The annual fee shall be divided and payable quarterly in advance through a direct debit in the client account. LPL Financial is responsible for calculating and debiting all fees from client accounts. Clients must provide LPL Financial written authorization to debit advisory fees from their accounts and pay such fees to The Advocate Group. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

Clients will open a Program I or Program II account. In a Program I account, in addition to the investment advisory fee, the client will pay certain transaction charges to defray the costs associated with trade execution. These costs are set out in the LPL Strategic Wealth Management platform brokerage account and application agreement. In the Program II account, the client does not pay transaction charges associated with trade execution. However, The Advocate Group charges a higher fee for Program II accounts to cover the transactions initiated in Program II accounts.

Clients may incur certain charges imposed by third parties other than The Advocate Group in connection with investments made through the account, including but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by The Advocate Group (which include transaction and execution fees charged by LPL Financial for Program II accounts) are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. However, The Advocate Group does not get paid mutual fund sales loads, 12b-1 fees and surrender charges in fee-based advisory. Although clients may be charged 12b-1 fees in certain load mutual funds, LPL Financial will retain all fees and The Advocate Group or its advisor representatives (even in their separate capacities as registered representatives of LPL Financial) do not share or receive such fees. Clients are not charged front end sales loads because the front end sales loads for mutual funds are waived in fee-based advisory programs. When institutional class is available and minimum amount is met, The Advocate Group uses institutional class mutual funds that generally have lower expenses than non-institutional class.

Program I / Program II may cost the client more or less than if the assets were held in a traditional brokerage account. In a brokerage account, the client is charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold investment strategy for the account or does not wish to purchase ongoing

investment advice or management services, the client should consider opening a brokerage account rather than a Program I or Program II account.

As disclosed in this section, The Advocate Group receives compensation as a result of a client's participation in Program. The Advocate Group therefore has a financial incentive to recommend Program over other programs or services. The amount of The Advocate Group's compensation may be more or less than what a client would pay if the client participated in programs sponsored by other financial firms or paid separately for investment advice, brokerage, and other services.

#### **Additional Compensation, Economic and Non-Economic Benefits**

While there is no direct linkage between the investment advice given to clients and The Advocate Group's recommendation of LPL, economic benefits may be provided by LPL to The Advocate Group that will not be provided if the client selects another broker/dealer or account custodian. These benefits may include: negotiated costs for transaction implementation, a dedicated trade desk that services LPL participants exclusively, a dedicated service group and an account services manager dedicated to The Advocate Group's accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

The Advocate Group does not have any verbal or written agreements whereby it receives soft dollars from a broker/dealer firm. The Advocate Group does not pay for any research received from LPL or any other broker/dealer. The IARs of The Advocate Group who are registered representatives or insurance representatives may be eligible to receive various incentives that may be based upon production levels. These incentives may include marketing reimbursements, educational conference trips or discounts on various software or investment-related research materials. The Advocate Group may also be provided with various newsletters or publications from financial services firms as a customary consideration.

#### **Termination of Services**

Either party may terminate the *Investment Management Agreement* at any time. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and a full refund of all fees paid in advance will be provided. If services are terminated after the initial five day period, The Advocate Group shall provide the client with a pro-rated refund of fees paid in advance. The refund will be based on the number of days service was actually provided during the final billing period. Termination shall be effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There will be no penalty charge upon termination.

#### **Aggregate Trades**

In some cases transactions implemented by The Advocate Group are effected on an individual basis. However, Sometimes The Advocate Group will purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by The Advocate Group when The Advocate Group believes such action may prove advantageous to clients. When The Advocate Group aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be allocated among The Advocate Group's clients in a fair and equitable manner for each client account on any given day. When The Advocate Group determines to

aggregate client orders for the purchase or sale of securities, including securities in which the associated person of The Advocate Group may invest, The Advocate Group will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, The Advocate Group does not receive any additional compensation or remuneration as a result of aggregation.

### **Trade Error Policy**

The Advocate Group has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of The Advocate Group to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by The Advocate Group if the error was caused by The Advocate Group. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. The Advocate Group may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

The Advocate Group and its associated persons will never retain any portion of any gains made as a result of trade error corrections or profit in any way from trade errors.

If the gain does not remain in the account, LPL as the broker/dealer, will maintain gains that may result from correcting a trade error and in some instances may use such gains to offset overall losses LPL incurs from trading errors.

## **Item 5 – Account Requirements and Types of Clients**

### **Opening an Account**

To become a Program participant, a program agreement (the *Investment Management Agreement*) between the client and The Advocate Group must be executed with The Advocate Group setting forth the terms and conditions, including the amount of investment advisory fees, under which The Advocate Group shall manage the client's assets.

In addition, the client will be required to establish a brokerage account through the LPL Financial Strategic Wealth Management platform.

### **Minimum Account Size**

The minimum account size allowed for a Program account is \$25,000. At The Advocate Group's discretion, The Advocate Group may waive the minimum account size requirement for participation in the Program.

### **Types of Clients**

The Advocate Group generally provides investment advice to the following types of clients.

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations



- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with The Advocate Group.

### **Item 6 – Portfolio Manager Selection and Evaluation**

Program does not allow IARs or clients to utilize portfolio managers that are not associated with The Advocate Group. In other words, the only portfolio managers selected for managing client assets in the Program are IARs of The Advocate Group. Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in this Program. Because Program does not provide for a multitude of outside portfolio managers, The Advocate Group does not have procedures designed to select outside portfolio managers. Most of the items required by this item of the Wrap Fee Program Brochure instructions do not apply to The Advocate Group. Items that do apply are answered below.

#### **General Description of Primary Advisory Services**

##### ***Investment Philosophy***

The firm's core belief is that it is a comprehensive financial plan that should drive investment and asset allocation decisions, not exclusively the client's personal risk tolerance. Most of the firm's clients hold a personal risk tolerance which is substantially higher than the required risk necessary to achieve sufficient returns for a successful investment and life outcome. Detailed discussion of this span between required risk and tolerated risk leads to a very interesting and clarifying discovery of each client's desired risk. It is this desired risk, not tolerance for risk, which becomes foundational to each client's individually designed asset allocation.

Helping a client establish sufficient liquid reserves to remain steady in the face of market volatility is another important element of the firm's investment philosophy. Most human investment behavior is oriented toward buying at the exuberant market highs and selling at the distressing market lows. Proper liquidity and reserves can create an environment which allows a client to overcome this behavioral tendency to do the exact opposite of what is necessary to be a successful investor.

Allowing The Advocate Group to act in the capacity of investment advisor for the client, by using its discretion in portfolio management, also enhances the professional investment experience because delegation of discretion can relieve stress without a loss of client control. Full discretion is not required by the firm, but it is desired.

The Advocate Group's Investment Philosophy is also impacted by the unique circumstances of its client base. Virtually all clients of the firm hold a concentrated wealth position in the securities of the company for whom they work. Proper management of this concentrated wealth position, within the context of the entire investment portfolio and financial plan, are key elements of the firm's overall value proposition. Successful investment management at The Advocate Group is not about achievement of a certain performance above a predefined benchmark. Our idea of a proper investment management experience is about achieving sufficient return at each client's desired level of risk to achieve successful fulfillment of their individual financial objectives.

Because IARs serve as portfolio managers of the Program, the following is provided as brief descriptions of The Advocate Group's primary services. Detailed descriptions of The Advocate Group's services other than the Program are provided in The Advocate Group's Disclosure Brochure.

**Financial Planning.** In addition to providing investment management through the Program, The Advocate Group provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focus on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through topics including, but not limited to, investment management, tax planning, retirement/cash flow modeling, transition planning, estate design, risk management and philanthropic planning. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Investment Management.** The Advocate Group provides advisory services in the form of investment management services. Investment management services involve providing clients with on-going supervision over client accounts. This means that The Advocate Group will monitor a client's account and make trades in client accounts when necessary. The Advocate Group primarily provides this service through the Program, but some clients also have established accounts at U.S. Bank.

**Use of Third Party Money Managers.** The Advocate Group provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. The Advocate Group provides this service through the LPL Optimum Market Portfolios program, LPL Model Wealth Portfolio program, Genworth Financial Wealth Management, Mount Yale Investment Advisors and Central Park Group.

**Specialization.** The Advocate Group considers itself to specialize in the following areas:

- Financial planning services provided based on the individual needs of each client.
- Investment management services using the following forms of analysis: charting, fundamental, technical and cyclical.
- Investment management services that are provided on an individualized basis. This means services are provided specific to each client's different needs and objectives. Depending on the each client's individual needs, strategies will focus on long-term strategies, short-term strategies, short-selling techniques, methods requiring margin accounts and option writing.

**Advice to Certain Types of Investments.** The Advocate Group provides investment advice on the following types of investments.

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Unit Investment Trusts (UITs)
- Managed futures funds
- 529 Education Plans
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance

- Variable annuities
- United States government securities
- Options contracts on securities
- Futures contracts on tangibles and intangibles
- Interests in partnerships investing in real estate, oil and gas interests
- The Advocate Group may provide advice to a client regarding hedge funds, managed futures, structured products and other private placement investments. These types of investments are often illiquid, which means that the investments can be difficult to trade and consequently can limit a client's ability to sell the investments in a timely manner and at an advantageous price. Additionally, some investments may not have registered pursuant to the Securities Act of 1933, and therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

### **Participation in Wrap Fee Programs**

As thoroughly discussed in this brochure, The Advocate Group provides services through both wrap-fee programs and non-wrap fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), The Advocate Group will receive all or a portion of the fee charged.

### **Tailor Advisor Services to Individual Needs of Clients**

The Advocate Group's services are always provided based on the individual needs of each client. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors.

### **Performance-Based Fees and Side-By-Side Management**

The Advocate Group does not charge or accept performance-based fees. Regulators have defined performance based fees as charging fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **The Advocate Group uses the following methods of analysis in formulating investment advice.**

**Charting.** The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Cyclical.** Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental.** A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical.** A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

**Risk of Loss.** Past performance is not necessarily indicative of future results. Therefore, no current or prospective client should assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

### **Voting Client Securities**

A vote by proxy is a vote that is mailed in or cast in some other way while the person voting is physically absent. This is most frequently used by shareholders in a company who are unable to attend the annual shareholder's meeting but still want their vote to count.

The Advocate Group does **not** perform proxy-voting services on a client's behalf. Clients are instructed to read through the information provided with the proxy-voting documents and to make a determination based on the information provided. Upon request from the client, The Advocate Group may provide limited clarifications of the issues presented in the proxy voting materials based on The Advocate Group's understanding of issues presented in the proxy-voting materials. However, the client will have the ultimate responsibility for making all proxy-voting decisions.

## **Item 7 – Client Information Provided to Portfolio Managers**

Because only IARs of The Advocate Group serve as portfolio managers, IARs or their assistants are responsible for gathering all information provided by clients. IARs will interview and work with clients to gather all information needed relative to their investment objectives and needs in order to provide management services through Program. Clients need to contact their IAR whenever there are changes to their financial situation that will impact or materially influence the way The Advocate Group manages accounts.

## **Item 8 – Client Contact with Portfolio Managers**

Because only IARs of The Advocate Group serve as portfolio managers, there are no restrictions placed on clients' ability to contact and consult with their portfolio managers. It is the policy of The Advocate

Group to provide an “open channel” of communication between IARs and their clients. Clients are encouraged to contact their IAR whenever they have questions about the management of their account.

## **Item 9 – Additional Information**

### **Disciplinary Information**

This item is not applicable to The Advocate Group’s brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client’s or prospective client’s evaluation of The Advocate Group’s business or the integrity of The Advocate Group’s management.

### **Other Financial Industry Activities and Affiliations**

The Advocate Group’s investment advisor representatives (“IARs”) may sell other products or provide services outside of their role with The Advocate Group. However, The Advocate Group’s IARs concentrate the majority of their efforts toward sales of investments and investment advisory services.

The Advocate Group is affiliated with TAG Financial Services, Inc. It should be noted that TAG Financial Services, Inc. is not a registered broker/dealer, investment advisor or insurance agency. It is used as a marketing name by our branch office of LPL Financial and is held out to the public as such. It is also used to market the insurance services provided by our IARs that are also insurance agents.

Most of our IARs are licensed to provide insurance services to clients. Insurance products are provided to clients for personal, estate and business needs to minimize clients’ exposure to identified risks. Although clients are under no obligation to purchase insurance products recommended by our IARs in their separate capacities as insurance agents, clients often purchase such products when needs arise. For clients of the firm who purchase products causing commissions to be generated these are paid to the IARs in their separate capacities as insurance agents. For those IARs who are insurance licensed, this activity varies throughout the year.

With the exception of David Van Benschoten, The Advocate Group’s IARs are also affiliated as investment advisor representatives with LPL Financial. However, they do not establish new advisory agreements in their capacities as investment advisor representatives of LPL Financial. All new advisory client arrangements must be established through The Advocate Group. The Advocate Group’s IARs’ LPL Financial advisory clients will transfer to an agreement with The Advocate Group. It is anticipated that IAR’s will terminate their investment advisor representative statuses with LPL Financial no later than August 15, 2011.

With the exception of David Van Benschoten, The Advocate Group’s IARs are also registered securities representative of LPL Financial. If the client wants to, the client can engage the IARs of the Advocate Group (but not The Advocate Group or TAG Financial Services, Inc.) that are also registered representatives of LPL, to render securities brokerage services under a commission arrangement. Brokerage commissions may be charged by LPL to effect these securities transactions and, thereafter, a portion of these commissions will be paid by LPL to such IARs as registered representatives of LPL. Prior to effecting any transactions, the client will be required to enter into a new account agreement with LPL. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Depending on the type of LPL account that could be used to implement a financial plan or investment strategy, such compensation may include (but is not limited to) advisory program fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with LPL's insured deposit account program; administrative services fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by LPL to the IAR.

This compensation to IAR and LPL may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or services.

The IARs of The Advocate Group may recommend securities or insurance products offered by LPL (or other insurance firms), and will receive the normal commissions if products are purchased through them; thus a conflict of interest exists between their interests and those of Advisory Clients. Clients are under no obligation to purchase products recommended by IARs or to purchase products either through The Advocate Group or LPL.

The Advocate Group is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, 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) pension consultant, (9) real estate broker or dealer, or (10) sponsor or syndicator of limited partnerships.

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

#### **Code of Ethics Summary**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. The Advocate Group has established a Code of Ethics that will apply to all of its associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. The Advocate Group has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. The Advocate Group requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with the advisor's Code of Ethics. The Advocate Group has the responsibility to make sure that the interests of all clients are placed ahead of The Advocate Group's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. The Advocate Group and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of advisor's Code of Ethics. **However, if a client or a potential client wishes to review The Advocate Group's Code of Ethics in its entirety, a copy will be provided promptly upon request.**

## ***Affiliate and Employee Personal Securities Transactions Disclosure***

As previously indicated some of the IARs of The Advocate Group are registered representatives of LPL and may suggest that clients implement the advice of the Advocate Group by placing transactions through LPL. If client transactions are executed through LPL by the IARs in their separate capacities as registered representatives, they may receive normal commissions in addition to advisory fees for the advice provided, thus a conflict of interest exists between our interests and that of our clients. Clients are under no obligation to purchase products recommended through LPL.

As a result of the LPL relationship, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about The Advocate Group's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact The Advocate Group.

The Advocate Group or its associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of The Advocate Group that all persons associated in any manner with The Advocate Group must place the interests of The Advocate Group's clients ahead of their own when implementing personal investments. The Advocate Group and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.

## **Review of Accounts**

### ***Reviewing Accounts***

Account reviews are provided in connection with investment management accounts. For clients with accounts managed by The Advocate Group, one of the Advocate Group's representatives will contact the client at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market. The underlying investments held in client accounts are reviewed on a more frequent basis. Portfolios constructed by The Advocate Group are reviewed on an ongoing basis. Triggering factors for changes to underlying portfolios include the relative valuation changes between asset classes, deviation from management style by fund, or fund closures.

Investment Advisor Representatives (IAR) of The Advocate Group are responsible for reviewing accounts and providing investment advice. These are current IARs and their titles:

1. Phillip W. Barnhill, Member, Financial Advisor
2. Ricky L. Lueck, Member, Financial Advisor
3. David Van Benschoten, Member, Chief Investment Officer
4. F. Echo Huang, Member, Financial Advisor
5. Michael Corrigan, Financial Advisor

### ***Program Account Statements and Reports***

During any month that there is activity in the Program account, the client receives a monthly account statement, from LPL Financial, showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within the Program account unless the transaction is the result of a systematic purchase, redemption or exchange. The client

will also receive a detailed quarterly report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through LPL Financial.

Clients are strongly urged to compare all reports prepared by The Advocate Group against the account statements received from LPL Financial.

### **Client Referrals and Other Compensation**

The Advocate Group does not directly or indirectly compensate anybody for client referrals,

Other than the benefits from broker/dealers described in Item 4 of this Disclosure Brochure, the only form of compensation received from advisory accounts are the fees described in Item 4.

### **Financial Information**

This item is not applicable to The Advocate Group's brochure. The Advocate Group does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, The Advocate Group is not required to include a balance sheet for its most recent fiscal year. The Advocate Group is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, The Advocate Group has not been the subject of a bankruptcy petition at any time.

## **Privacy Policy**

Regulation S-P, Privacy of Consumer Financial Information, requires financial institutions, including The Advocate Group, to provide notice to current clients and prospective clients about their policies and practices concerning the collection and use of customer, non-public information. This privacy policy notice is given to all prospective clients of The Advocate Group upon entering into a contract with The Advocate Group and annually thereafter.

**Privacy Disclosure Statement.** A primary goal of The Advocate Group is to protect the privacy of its clients. The Advocate Group does not sell the personal information of clients to anyone.

To conduct regular business, The Advocate Group may collect nonpublic personal information from clients. This information is provided by clients to The Advocate Group on applications and other forms provided by clients to The Advocate Group as well as transactions with the firm, our affiliates, or others.

The Advocate Group may enter into contracts with outside third parties so that The Advocate Group can assist its clients in servicing their accounts. In order to do this, The Advocate Group will disclose personal information to companies that help The Advocate Group process transactions for client accounts (for example, executing client trades at through a broker/dealer). However, The Advocate Group does not share or disclose any nonpublic customer information except as allowed or required by law. In addition to sharing information in order to provide financial services to clients, The Advocate Group may be required to disclose personal information to cooperate with regulators or law enforcement authorities, to resolve customer disputes, or for risk control.

**Information Safeguarding.** The Advocate Group has implemented strict policies and procedures aimed at protecting the sensitive nature of client information. The Advocate Group restricts access to client information to only those members of The Advocate Group that must provide products and services to clients in order to service client accounts and to other pre-approved third party service providers such as



CPAs and attorneys. The Advocate Group may also share information with LPL Financial which has supervisory obligations over certain of The Advocate Group's activities. As a result of the LPL relationship, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about The Advocate Group's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact The Advocate Group.

The Advocate Group has implemented physical, electronic, and procedural safeguards aimed at meeting The Advocate Group's duty to protect nonpublic client information.

If you have any questions concerning The Advocate Group's customer privacy policy or concerns about your personal information please feel free to contact The Advocate Group at the number located on the cover page.