

## **Item 1 – Cover Page**

### **ADVISED ASSETS GROUP, LLC**

#### **Disclosure Brochure for:**

#### **Online Investment Guidance, Online Investment Advice, & Managed Account Service & Empower Retirement IRA**

8515 East Orchard Road  
Greenwood Village, CO 80111

Telephone for Participants in Employer-Sponsored Retirement Plans:  
Telephone for Account Holders of the Empower Retirement IRA:

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March 26, 2018

This Brochure provides information about the qualifications and business practices of Advised Assets Group, LLC (“AAG”). Specifically, this Brochure provides information on the advisory services provided by AAG and sub-advised by Morningstar Investment Management, LLC (“Morningstar Investment Management”). If you have any questions about the contents of this Brochure, please contact us at 844-302-2448. The information in this Brochure has not been approved or verified by the Securities and Exchange Commission (“SEC”) or by any state securities authority.

AAG is a registered investment adviser. Registration of AAG does not imply any level of skill or training. The oral and written communications of AAG provide you with information about which you determine to hire or retain AAG. Additional information about AAG is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This section of the Brochure highlights and discusses any changes that were made since AAG's last update dated September 18, 2017. This Brochure was updated to provide information clearly and concisely. There were no material changes to this Brochure from its last filing.

Additional information about AAG is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any person affiliated with AAG who is registered, or are required to be registered, as an investment adviser representative with AAG.

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#### **Item 4 – Advisory Business**

##### **Description of Advisory Firm**

AAG is, and has been a registered investment adviser since 2000 and submits notice filings with state securities divisions in all 50 states, the District of Columbia, Guam, US Virgin Islands and Puerto Rico. AAG contracts with the plan sponsor of employer-sponsored retirement plans (including 401(a), 401(k), 403(b) and 457 plans) to provide investment management and advisory services to participants within the plan. The plans for which AAG provides services receive recordkeeping services through the recordkeeping entity affiliated with AAG. AAG additionally makes available a suite of services to all account holders of the Empower Retirement IRA (“IRA account holder”, “account holder” or “individual”). More information - including an applicable Brochure - for all of the services offered by AAG can be obtained by contacting AAG at the number provided on the cover page of this Brochure or by visiting AAG’s website at: [www.advisedassetsgroup.com](http://www.advisedassetsgroup.com). AAG’s principal place of business is located in Greenwood Village, CO.

##### **Types of Services**

AAG provides a full range of direct account holder-level and participant-level investment services (the “Services”) and indirectly through private-label arrangements with institutional partners. The Services include Online Investment Guidance (“OIG”), Online Investment Advice (“OIA”) and the Managed Account service as well as Spend-Down Advice, Financial Planning Service and Retirement Income Projection Tools and Services. AAG provides its Services through a proprietary, computer-based software program, developed and maintained by Morningstar Investment Management.

There is no guarantee provided by any party that participation in any of the Services will result in a profit or that the related account will outperform a self-managed portfolio invested without assistance.

##### ***Morningstar Investment Management LLC***

Morningstar Investment Management is a registered investment adviser wholly-owned by Morningstar, Inc. and is not affiliated with AAG or any company that is affiliated with AAG. Morningstar Investment Management is located in Chicago, IL and a copy of their Form ADV Part 2A brochure may be obtained at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Morningstar Investment Management serves as an independent financial expert (“IFE”), in accordance with the Department of Labor *SunAmerica* Advisory Opinion 2001-09A, dated December 14, 2001 (the “SunAmerica Opinion”). The plan, plan sponsor, plan fiduciary or IRA provider must select and maintain at all times investment options that cover broad asset categories. The investment options selected for the plan or IRA generally consists of a broad range of asset classes. For example, mutual funds in the fixed income/cash alternatives, bond, large cap, small cap, small/mid cap and international asset classes called “investment options” some of which may be proprietary funds of AAG’s affiliated investment company, Great-West Funds, Inc. or funds advised by AAG’s affiliated investment adviser Putnam Investment Management, LLC. More information is provided in Item 10 – Other Financial Industry Affiliations. Item 8 of this Brochure discusses the general risks of investing; such risks associated with the investment options can vary significantly with each particular investment category and the relative risks of categories may change. Accordingly, AAG may make changes from time to time with regard to the availability of certain investment options. The fees, risks, plan sponsor/plan provider/participant/account holder responsibilities and limitations for each of these services are discussed in greater detail in this Brochure. Fees and expenses are also fully explained in the respective prospectus and Statement of Additional Information materials which accompany each investment option, as applicable.

Certain of AAG’s Services rely on Morningstar Investment Management’s proprietary methodology which is based on a review of available quantitative data to analyze and screen the investment options within a plan. Morningstar Investment Management also applies qualitative analysis by investment professionals, such as evaluations of investment managers, portfolios and individual investments. The primary sources of information used by Morningstar Investment Management are the extensive databases and methodologies of Morningstar Investment Management and/or its affiliates, and interviews with investment managers. Other sources include financial publications, annual reports, prospectuses, press releases, and filings with the SEC. Morningstar Investment Management combines this information with other factors—including actuarial data, stock market exposure, probability analysis, and mean-variance optimization—into a proprietary software program to analyze a complex set of market data and variables. The result is an advanced model that can provide investment recommendations and a projection of different outcomes. Using this model, Morningstar Investment Management develops an investment strategy tailored to your investment goals.

##### **1. Online Investment Guidance Service**

AAG’s OIG service developed by Morningstar Investment Management provides participants in participating plans with access to sophisticated but easy-to-use online account planning, advisory and analytical tools that assist the participant/account holder in selecting their own asset classes and building a diversified portfolio. Using OIG, participants/account holders are provided with general asset allocation information based on the investment options that are available within the participant’s plan or are available in the Empower Retirement IRA. In addition, with OIG a participant/account holder can receive an objective savings rate recommendation that may assist the participant in achieving his/her retirement goals. OIG does not provide fund-specific recommendations.

##### **2. Online Investment Advice Service**

AAG’s OIA service is also based on the software program developed by Morningstar Investment Management and provides the participant/account holder with retirement goal forecasting advice and fund-specific asset allocation recommendations tailored to the specific participant’s/account holder’s financial situation and retirement goals. OIA is geared for individuals who wish to manage their own retirement account with the assistance of the OIG service tools and investment advice.

OIA provides the participant/account holder with a retirement goal forecast through the use of various assumptions and hypothetical financial and economic scenarios based on a variety of different factors such as historic returns, market volatility, cross-correlations, calculated risk premiums, interest rate fluctuations, inflation and market conditions and other factors; all of which have limitations, however. The individual can interact with OIA to see how changes in the individual's decisions about their savings, expected retirement age, level of investment risk and retirement income goal may affect the system's forecast. Participants/account holders who enroll in OIA are responsible for determining the portfolio allocation that is best suited for their needs and which meets their investment strategy.

The investment recommendations provided by OIA are limited to the available investment options within the participant's specific retirement plan or in the Empower Retirement IRA. OIA does not make any recommendations concerning investing in any individual stocks or other asset classes, including employer stock that may be an investment option under the participant's retirement plan.

#### **Participant/IRA account holder Responsibilities**

Participant/account holders are responsible for making their investment decisions and may implement OIA recommendations either online or by phone. Participants/account holders are also solely responsible for reviewing and updating the information they input in the OIA service with respect to the completeness, accuracy and timeliness of the information. Participants/account holders should review their retirement accounts periodically to monitor changes in the market and the value of their investments. A failure by an individual to review and update their account information through OIA may materially affect the content and value of the service.

#### **Limitations on the Online Investment Guidance and the Online Investment Advice Services**

The recommendations provided through OIA and the information provided through OIG are estimates only based on the responses or other information provided by or about the participant/account holder. Neither AAG nor Morningstar Investment Management make any guarantees or warranties, express or implied, as to the accuracy, timeliness, or completeness of such information. The OIA and OIG services are also subject to the general market and financial conditions existing at the time of such usage.

The retirement goal forecast and investment recommendations provided by OIA and the information provided through OIG are not a guarantee of future results and are not a guarantee that a participant/account holder will achieve their retirement goals. OIA and OIG should only be used by participants/account holders as a tool in their retirement planning and not as a substitute for their own informed judgment. Neither AAG nor Morningstar Investment Management has an obligation to update any information for a specific individual or to proactively contact the individual to obtain updated information. A failure by an individual to review and update account information through OIA and OIG may materially affect the content and value of services received from AAG.

### **3. Managed Account Service**

AAG offers a discretionary managed account service ("Managed Account" or "MA service"), a professional and flexible asset management program based on data resulting from the methodologies and proprietary software program developed and employed by Morningstar Investment Management. In the MA service, AAG has discretionary authority over the allocation of available investment options, without prior participant/account holder approval of each transaction. All ongoing investment transfers and investment direction changes are implemented for individuals enrolled in the MA service.

The MA service designs a specific asset allocation portfolio for the participant/account holder that reflects the individual's retirement goals, life stages, specified risk constraint and overall financial situation, taking into consideration plan or IRA assets, and other assets and investments not included within the plan or IRA if provided by the individual specific to their account.

On a periodic (approximately quarterly) basis, individual accounts in the MA service are re-forecasted, which may include rebalancing and reallocating the individual's asset allocation portfolio in order to maintain alignment with the allocation percentages determined by Morningstar Investment Management through the use of various assumptions and hypothetical financial and economic scenarios based on a variety of different factors such as historic returns, market volatility, cross-correlations, calculated risk premiums, interest rate fluctuations, inflation, market conditions, and the personal financial circumstances of the participant/account holder. Participants/account holders receive an account update and forecast statement annually and can update their personal information at any time by calling AAG at their plan's toll-free customer service number, or by visiting the appropriate website. Some plan providers may offer a guaranteed lifetime benefit withdrawal option to plan participants who are approaching retirement or are in retirement. If the plan provider offers this service and if the participant meets the retirement criteria established by the plan provider or plan sponsor, the investment strategy may include a suggested amount that can be withdrawn while striving to maintain income throughout retirement. It may also include information about allocating a portion of the managed account balance for the purchase of an annuity or other guaranteed income product.

#### **Limitations on the Managed Accounts Service**

When participants/account holders enroll in the MA service, the individual must transfer and allocate their entire retirement account balance to the Managed Account. For participants, there is an exception of employer stock and employer directed monies. Partial management of a participant's/account holder's account whereby the individual is invested in other investment options, such as individual stocks, other asset classes outside of the available investment options, or self-directed brokerage accounts while also participating in the MA service is not an available alternative. Participant/account holder balances in any of these investment options or vehicles must be liquidated, subject to plan and/or

investment provider restrictions, or the participant/account holder cannot be enrolled in the MA service. For participants, certain outside non-advisable assets may be permitted while also participating in the MA service; however, the participant's entire account balance that is advisable must be allocated to the MA service.

Once enrolled in the MA service, participants/account holders delegate certain account management functions to AAG including functionality for fund-to-fund transfers, change fund allocations, the dollar cost averaging tool and/or the rebalancer tool. However, individuals in the MA service retain full inquiry access to their account and may still request approval for loans or take a distribution withdrawal, if permissible. Participants/account holders may un-enroll at any time from the MA service and, once they do so, they resume full responsibility for the investment management of their account. An individual may un-enroll online or by contacting an AAG investment adviser representative.

#### **4. Spend-Down Advice**

Participants/account holders who are enrolled in any of AAG's Services discussed above are also provided with an additional feature of Spend-Down Advice based on Morningstar Investment Management's methodology, which provides the individual with retirement planning tools. The Spend-Down Advice illustrates how long the desired income may last in retirement and determines how much spendable income the participant/account holder may be able to sustain throughout their retirement years. The Spend-Down Advice provides both the amount and sources of income that can be spent throughout their retirement years. The services provided under Spend-Down Advice provide projections of spendable income and do not constitute investment advice under the Investment Advisers Act of 1940.

#### **5. Financial Planning Service**

For certain plan clients and certain IRA account holders, AAG will provide individualized financial planning services to the participant/account holder. The participant/account holder is required to complete a financial assessment. Based on the information provided by the participant/account holder and/or the Plan Sponsor, AAG with the assistance of third party financial planning software will provide the participant/account holder with a customized, financial needs assessment. AAG's financial planning service is limited to providing the participant/account holder with a needs assessment. The information provided to the participant/account holder under this service is through a contractual arrangement with an unaffiliated third party vendor(s). In certain circumstances the vendor's financial planning tools may recommend the purchase of life insurance products; such recommendations are not specific to any insurance underwriter and do not constitute an offer to solicit or sale insurance products offered by AAG's affiliated insurance companies, including without limitation Great-West Life & Annuity Insurance Company ("Great-West") and Great-West Life & Annuity Insurance Company of New York ("GWL&ANY").

#### **6. Retirement Income Projection Tools and Services**

AAG may offer online tools and services for participants/account holders to translate projected or actual retirement savings into estimated monthly retirement income. This interactive retirement planning service consists of various retirement income projection tools. These tools are informational in nature and do not reflect actual investment results and are not guarantees of future results; these tools do not constitute investment advice under the Investment Advisers Act of 1940.

#### **Enrollment in AAG's Services**

##### **For Retirement Plan Participants:**

Plan providers and plan sponsors select the Service(s), i.e., OIG, OIA and/or the MA service that are made available to plan participants and also the manner by which participants can authorize the Service(s). Participants must agree to the terms of a user agreement ("Terms of Service"), which terms may be amended by AAG from time to time, to use any of the Services. As part of a participant's enrollment in the MA service, the participant receives a MA Welcome Kit shortly after enrollment. The participant additionally receives an Annual Kit, each year. Each kit provides the participant an update on their account and information on reaching their retirement goals.

In certain instances, Plan Sponsors may authorize AAG to enroll participants automatically in the MA service based on information provided to AAG by the Plan Sponsors. In such instances, current participants in the Plan receive the Terms of Service and are given a defined period of time in which to cancel or "opt-out" of the MA service without incurring an advisory fee (the "Free Period" or "Promotional Period"). Participants' automatic enrollment in the Service by the Plan Sponsors is based upon personal financial information provided by the Plan Sponsor, including date of birth, salary, gender and state of residence. Participants are able to review this information either online or by contacting an AAG investment adviser representative; participants are solely responsible for reviewing the personal financial information they or their Plan Sponsor provide and for notifying AAG of any changes or updates to such information. Participants who are subsequently eligible for their employer-sponsored retirement plan or that otherwise elect to "opt-in" after the Free Look or Promotional Period concludes may not be eligible for a waiver of advisory fees otherwise available in the Free Look or Promotional Period.

##### **For Empower Retirement IRA Account Holders:**

The Services are available to all account holders of the Empower Retirement IRA. Account holders must agree to the Terms of Service prior to using any of the online services, which terms may be amended by AAG from time to time.

The advice and recommendations provided through the Services discussed in this Brochure are based on the responses or other information provided by or about the participant/account holder by the Plan Sponsor and/or the participant/account holder. Neither AAG nor Morningstar Investment Management make any guarantees or warranties, express or implied, as to the accuracy, timeliness, or completeness of such information. The Services are also subject to the general market and financial conditions existing at the time of such usage. The retirement goal

forecast and investment advice recommendations are not a guarantee of future results and are not a guarantee that a particular person will achieve their retirement goals.

### Termination of Services

Participants/account holders may cancel their participation in OIA or the MA service at any time. Participants/account holders utilizing OIA must complete their cancellation online. Participants/account holders utilizing the MA service may either cancel online or by calling an AAG investment adviser representative at the toll-free customer service number.

After cancellation of the:

1. OIA service, the individual will no longer have access to the online investment recommendations. Because AAG does not effect changes to the participant's/account holder's asset allocation and account balances, the individual's balances will not be affected **unless and until** the individual affirmatively changes their asset allocation and balance after the cancellation of OIA.
2. MA service, the participant/account holder will have the ability to make allocation and investment option changes to their account, usually by the next business day markets are open following cancellation of the MA service. Accordingly, the participant's asset allocation will remain the same as established in the MA service **unless and until** the participant affirmatively changes his/her asset allocation after cancellation of the MA service.

### Participant/Account Holder Information

The use and storage of any information, including, without limitation, an individual's personal and non-public information, account number, password, identification, portfolio information, account balances and any other information available on an individual's personal computer, is provided at the individual's sole risk and responsibility. The individual is responsible for providing and maintaining the communications equipment (including personal computers and modems) and telephone or options services required for accessing and using electronic or automated services, and for all communications service fees and charges incurred by the individual in accessing these services. AAG shall not bear any responsibility for either errors or failures caused by the malfunction of any computer or communication systems or any computer viruses or related problems that may be associated with the use of the Services.

### Assets Under Management

As of December 31, 2017:

Discretionary investment management among all services (including the MA service described herein):	\$30,481,622,032
Non-discretionary investment advisory services among all services (including OIA described herein):	\$1,264,619,236
Total discretionary and non-discretionary investment management advisory services:	\$31,746,241,269

### Item 5 – Fees and Compensation

For employer-sponsored retirement plans, fees are subject to negotiation by the plan sponsor which may include plan-level pricing credits depending on the various option(s) selected by the plan for its participants. In some instances, if agreed to by the plan, the plan sponsors or recordkeeper may pay AAG's fees on behalf of plan participants. AAG reserves the right to offer discounted fees or other promotional pricing or to waive fees for any particular period of time subject to proper notification and disclosure.

1. Online Investment Guidance Service Fees  
There is generally no fee for participants using OIG, however, participants may be assessed a fee for OIG depending on AAG's agreement with the plan sponsor. IRA account holders do not pay a fee for use of OIG.
2. Online Investment Advice Service Fees  
Participants who use OIA may be charged a flat fee, if applicable. Alternatively, any applicable fee may be paid by the plan or plan sponsor. If a fee applies for OIA it is generally \$25.00 per year, or \$6.25 per quarter, as specified in the participant's Terms of Service and/or the plan sponsor's agreement with AAG. Fees may be debited on a quarterly or monthly basis from participants' accounts based on the terms of service agreed upon by the plan sponsor. If the plan sponsor terminates the service agreement with the plan's recordkeeping service provider, the fees are debited through the date of such termination. Continued enrollment in OIA by a participant will result in the participant's account being debited based on the applicable fee or the plan sponsor incurring the applicable fee on behalf of the participant. Unless a participant affirmatively terminates OIA, or the plan sponsor terminates its recordkeeping service agreement, the fee will be assessed each quarter following the participant's initial use. The annual service fee pricing is unaffected by participants' frequency of use.  
Empower Retirement IRA account holders who use OIA may be charged an annual flat fee of \$25.00, debited quarterly at \$6.25 per quarter. Fees may be debited from IRA account holders' accounts on a quarterly or monthly basis based on the terms of service agreed upon by the account holder. If the IRA account holder terminates his/her Empower Retirement IRA, the fees are debited at the end of the billing cycle when the termination occurred. Continued enrollment in OIA by an account holder will result in the account holder's account being debited the applicable fee.
3. Managed Account Service Fees

#### For Employer-Sponsored Retirement Plan Participants:

Participants may be charged a fee for the MA service based on the Terms of Service with the participant and/or the plan sponsor's agreement with AAG. AAG may offer plans tiered pricing schedules based on the enrollment method the plan determines to use for offering or enrolling its participants in the MA service. Such options include, but are not limited to, pricing schedules based on the plan sponsor's selection of an "opt-out"

versus “opt-in” enrollment methodology. Pricing schedules, as applicable, for each of the options are made available to the plan sponsors for which they may use to select the option for their employer-sponsored retirement plan.

Pursuant to the Terms of Service and/or the plan sponsor’s agreement with AAG, the fee for the MA service is based upon a percentage of assets managed. The fee, as applicable, for the Managed Account service varies and is fully disclosed to participants prior to or at the time of enrollment in the enrollment disclosure materials provided to participants. In addition, the fee is disclosed to participants in the Terms of Service at the time the participant enrolls in the MA service. The maximum annualized fee that may be charged to a participant is 0.65% of the participant’s account balance.

The advisory fee is debited from the participant’s account following each applicable billing period, which is generally quarterly. If a participant cancels participation in the MA service at any time within a given billing period, pursuant to the participant’s Terms of Service and/or the plan sponsor’s agreement with AAG, the participant’s fee is based upon a percentage of assets managed during the billing period and will be debited from the participant’s account or paid by the plan sponsor according to AAG’s agreement and procedures. If the plan sponsor terminates its service agreement with the plan’s recordkeeping service provider, the participant’s advisory fee is debited as of such date of termination or paid by the plan sponsor according to AAG’s agreement and procedures.

**For Empower Retirement IRA Account Holders:**

IRA account holders are charged a quarterly fee for the MA service based upon a percentage of assets managed during the billing period:

Principal Account Balance	Quarterly Fee	Annualized Quarterly Fee
< \$100,000	0.1375%	0.55%
Next \$150,000	0.1125%	0.45%
Next \$150,000	0.0875%	0.35%
> \$400,000	0.0625%	0.25%

AAG reserves the right to offer current and new or prospective IRA account holders discounted fees or other promotional pricing or to waive fees for any particular period of time subject to proper notification and disclosure.

The advisory fee is debited from the account holder following each applicable billing cycle. If an account holder cancels their participation in the MA service or Empower Retirement IRA at any time within a given fee cycle, the fee is based upon a percentage of assets managed during the billing period and will be debited from the account according to AAG procedures.

**4. Financial Planning Service Fees**

Fees charged for financial planning services are negotiated on a plan-by-plan basis. In some instances the participant or account holder is assessed a fee for the financial planning services and in other instances, a plan sponsor may pay the fee on behalf of participants who use this service. Not all plans or IRAs are eligible to offer this service.

**5. Retirement Income Projection Tools and Services**

AAG does not charge a fee to plan sponsors, participants or IRA account holders for the retirement income projection tools and services.

**6. Other Fees and Expenses**

In addition to any previously negotiated and disclosed recordkeeper fees, commission payments and other administrative servicing fees and expenses for each plan, AAG may pay cash compensation or referral fees to unaffiliated firms for soliciting and referring plan sponsors and their participants to enroll in AAG’s MA service.

Accounts invested in mutual funds, separate accounts, collective investment alternatives and other investments may be subject to other fees, typically imposed by such investments. Fees such as fund operating expenses or redemption fees may be imposed at the investment company level. Information about the fees imposed by specific investment choices is available in the fund prospectuses or offering memoranda for the securities. AAG may allocate member assets to funds or investment alternatives with these fees or costs. All securities transactions that occur as a result of the services provided by AAG as described in this Brochure are executed by GWFS Equities, Inc., for which it may receive compensation in the form of 12b-1 fees or other compensation from mutual fund companies or from the other investments that may be available as program investment options.

A participant will pay advisory fees to AAG for the MA service and indirectly to GWCM if Great-West Funds are included in the retirement plan investment options. The fees paid to GWCM for management of the Great-West Funds are included in the fund share price.

**Item 6 – Performance-Based Fees and Side –by Side Management**

AAG does not charge any performance-based or side-by side management fees.

**Item 7 –Types of Clients**

AAG offers investment advisory and management services to plan sponsors of employer-sponsored retirement plans; such as 401(a), 401(k), 403(b) and 457 plans, including government entities and their participants through arrangements with the plan’s recordkeeper and to account holders of the Empower Retirement IRA.



## **Item 8 – Methods of Analysis and Investment Strategies**

The Services described in this Brochure are based on the proprietary asset allocation and retirement income projection methodologies developed by Morningstar Investment Management. The development of investment advice by Morningstar Investment Management involves the investment methodologies across the products and services described herein. Morningstar Investment Management or its affiliates focus on specific investment areas such as capital market assumptions and methodologies used for asset allocation, manager selection, portfolio construction, and advice.

### **Analysis Methods**

In providing advisory services, Morningstar Investment Management reviews available quantitative data to analyze and screen the investment options within a plan. They may also apply qualitative analysis by investment professionals, such as evaluations of investment managers, portfolios and individual investments. The primary sources of information used are the extensive databases and methodologies of Morningstar Investment Management or its affiliates, and interviews with investment managers. Other sources include financial publications, annual reports, prospectuses, press releases, and filings with the SEC. Morningstar Investment Management combines this information with other factors—including actuarial data, stock market exposure, probability analysis, and mean-variance optimization—into a proprietary software program to analyze a complex set of market data and variables. The result is an advanced model that can provide investment recommendations and a projection of different outcomes. Using this model, Morningstar Investment Management develops an investment strategy tailored to your investment goals, as described below.

### **Investment Strategy**

If you are accumulating for retirement savings, the investment strategy is generally based on information such as managed account balance, expected retirement age, contribution rate and other preferences provided by the individual. If the individual has already retired, and if the plan provider offers a guaranteed lifetime withdrawal benefit program, the strategy is based on information such as the current account balance, additional cash flows and life expectancy. This retirement strategy may include some or all of the following:

**Retirement Income Goal (accumulation phase):** Morningstar Investment Management defines the retirement income goal as the projected amount of money that will be needed by the individual throughout retirement. This calculation is based on current income, adjusted to reflect the estimated dollar value at retirement age. Typically, Morningstar Investment Management uses an amount equal to 100% of take-home pay (although some plan providers may request a different rate, e.g., 80% of gross pay), and then project the value of that amount at retirement age to determine a retirement income goal. The individual has the option to change this projected retirement income amount.

**Income Outlook (accumulation phase):** Morningstar Investment Management defines the income outlook as a projection of the annual income that the individual may receive during retirement. This is based on an annualized view of the investment wealth accumulated, combined with social security benefits and any pension or other income provided to AAG.

**Total Retirement Income (in-retirement phase):** If your plan provider or plan sponsor offers the in-retirement services, Morningstar Investment Management defines total retirement income as the projected amount of money, typically at some level of probability that one can expect to receive on an annual basis in order to maintain income throughout retirement.

**IMPORTANT:** When Morningstar Investment Management determines the income projections described above, these projections are based on hypothetical performance data and do not represent actual or guaranteed results. Your projections may vary over time with each additional use of the service.

### **Risk Strategy**

Morningstar Investment Management determines a risk strategy based on several factors, such as current age and time until retirement, gender, salary, total current wealth, deferral rate, and retirement goals. If the individual has retired or is approaching retirement, and if they have the opportunity to purchase an annuity, the risk strategy also considers longevity and liquidity needs. The risk level corresponds to an asset mix, or the combination of mutual funds, commingled funds, separate accounts, exchange-traded funds, and cash alternatives, that will serve as the basis for the recommendations of specific funds appropriate for the individual.

### **Estimated Tax**

Morningstar Investment Management estimates federal, state income, and capital gains taxes based on marginal tax rate calculations. These calculations are used when Morningstar Investment Management conducts income simulations. Tax data is updated annually based on the United States Internal Revenue Code (IRC) and similar state tax data. Morningstar Investment Management uses income data for the individual, as well as their spouse/partner, to estimate federal and state tax exposure. The tax exposure is appropriately reduced for pre-tax deferrals, tax-deferred capital gains, and yield and distribution of Roth proceeds. Based on the information that the individual provides, Morningstar Investment Management provides an estimate of the tax exposure, but may not include all tax considerations. Please consult a tax adviser for a complete understanding of your tax situation.

### **General Risks of Investing**

Investing in securities involves risk of loss that clients should be prepared to bear. **Neither AAG nor Morningstar Investment Management or their**

affiliates guarantees that the recommendations will result in achieving the retirement income goal. Neither AAG nor Morningstar Investment Management or their affiliates can guarantee that negative returns can or will be avoided in any of the recommendations. An investment's future performance may differ substantially from its historical performance and as a result, may incur a loss. Past performance is no guarantee of future results. Additionally, the plan provider may make changes from time to time with respect to the investment options available in the plan.

You should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. This is because market or other economic conditions that cause one category of assets to perform very well often cause another asset category to perform below average. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Below are some of the common factors that can produce a loss in a client's account and/or in a specific investment product, asset category or even in all asset categories –

- **Market Risk** – Stock and bond markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments in the U.S. and in other countries. Market risk may affect a single company, sector of the economy, an entire country or geopolitical region, or the market as a whole, and may impact stock and or bond markets in unanticipated and different ways.
- **Business Risk**: These risks are associated with a particular industry or a particular company within an industry.
- **Category or Style Risk**: During various periods of time, one category or style may underperform or outperform other categories and styles.
- **Interest Rate Risk** – The market value of a debt security is affected significantly by changes in interest rates. When interest rates rise the security's market value declines and when interest rates decline market values rise. The longer a bond's maturity the greater the risk and the higher its yield; conversely, the shorter a bond's maturity the lower the risk and the lower its yield.
- **Inflation Risk**: When any type of inflation is present, purchasing power may be eroding at the rate of inflation.
- **Reinvestment Risk**: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This relates primarily to fixed income securities.
- **Exchange-traded funds**: Exchange-traded funds present market and liquidity risks, as they are listed on a public securities exchange and are purchased and sold via the exchange at the listed price, which price will vary based on current market conditions and may deviate from the net asset value of the exchange-traded fund's underlying portfolio.
- **Target Date Funds**: Generally, the asset allocation of each target date fund will change on an annual basis with the asset allocation becoming more conservative as the fund nears the target retirement date. The target date is the approximate date when investors plan to start withdrawing their money. The principal value of the fund(s) in a plan's lineup is not guaranteed at any time, including at the time of target date and/or withdrawal.
- An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although some money market funds such as U.S. Government money market funds strive to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. Additionally, other money market funds may operate under new rules and regulations permitting such funds to have a "floating" value per share which may be more or less than \$1.00 per share depending on market conditions, as well as impose liquidity/redemption fees for large or frequent withdrawals.

For more complete information about any of the mutual funds or investment product available within the retirement plan, please contact your retirement plan service provider.

#### **Risks Associated With Particular Types of Securities**

Neither AAG nor its sub-advisers recommend a particular type of security. The plan sponsor or its agent is responsible for determining the retirement plan's menu of investment options. It is the participant's/account holder's responsibility for reading all disclosure and related materials, including prospectuses, statements of additional information and other similar material.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AAG or the integrity of AAG's management. AAG has no legal or disciplinary event to report relative to this Item.

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

AAG is not a registered broker-dealer. However, due to the organizational structure of AAG's parent company, Great-West, certain registered representatives of GWFS are also supervised persons of AAG and are required to comply with AAG policies and procedures when acting in that capacity. AAG and its management persons are not, and do not have an application pending to register as, a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

#### **Other Financial Industry Affiliations**

AAG has arrangements that are material to its advisory business or its clients/participants/account holders with the related entities shown below. These related entities may receive certain fees that are unrelated to AAG's fees for its Services.

### **Insurance Companies**

*Great-West Life & Annuity Insurance Company* is an insurance company domiciled in the State of Colorado ("Great-West"). AAG is a wholly-owned direct subsidiary of Great-West. Great-West, pursuant to various agreements, may provide investment products, recordkeeping and other administrative services through its affiliates, FAScore, LLC ("FAScore"), Great-West Financial Retirement Plan Services, LLC ("Great-West RPS").

*Great-West Life & Annuity Insurance Company of New York* is an insurance company domiciled in the State of New York ("GWL&ANY"). AAG is an affiliate of GWL&ANY through common ownership in which Great-West is the sole owner of both AAG and GWL&ANY. GWL&ANY, pursuant to a various agreements, may provide investment products and administrative services through its affiliates, FAScore and Great-West RPS, to retirement plans for which AAG may also provide its services.

### **Broker-Dealer**

*GWFS Equities, Inc. ("GWFS")*, an affiliate of AAG, is a registered limited broker/dealer and wholly-owned subsidiary of Great-West through which trades are executed. GWFS may provide wholesaling, direct sales, enrollment and/or communication services to retirement plans and their participants for which AAG may also provide its services. All transactions which occur as a result of participation in the Service are executed by GWFS for which GWFS may receive compensation in the form of 12b-1 fees or other compensation from the mutual fund companies or from the other investments that may be available as investment options.

### **Trust Companies**

*Great-West Trust Company, LLC ("GWTC")* is a trust company and affiliate of AAG. GWTC is a wholly-owned subsidiary of Great-West. GWTC is chartered under the laws of the State of Colorado. GWTC may provide discretionary or directed trustee and/or custodial services for AAG's clients. GWTC also serves as the trustee for certain collective investment trusts which may be available as investment options and is the custodian of all Empower Retirement IRA accounts.

*Emjay Trust Company ("Emjay")* is a company with trust authority under Wisconsin law, and an affiliate of AAG. Emjay is a wholly-owned subsidiary of Great-West. Emjay may provide directed trustee, custodial, and recordkeeping services for AAG's clients.

### **Investment Company**

*Great-West Funds, Inc.* is an investment company registered under the Investment Company Act of 1940 and affiliated with AAG. Great-West Funds may provide investment products to retirement plans and IRAs for which AAG may also provide its services. Great-West Funds is managed by Great-West Capital Management, LLC as discussed below. Shares of Great-West Funds may be available for purchase by retirement plans advised by AAG or to account holders of the Empower Retirement IRA.

### **Investment Advisers**

*Great-West Capital Management, LLC ("GWCM")*, an affiliate of AAG, is an investment adviser for Great-West Funds and is registered under the Investment Advisers Act of 1940. It is a wholly-owned subsidiary of Great-West. AAG provides managed account, guidance, and advice services to participants in certain defined contribution plans and to account holders of the Empower Retirement IRA which may have as investment options certain portfolios of Great-West Funds managed by GWCM.

*Putnam Investment Management, LLC* is a registered investment adviser ("PIM"). AAG is under common control with PIM and is an affiliate of PIM. Shares of Putnam mutual funds managed by PIM may be available for purchase by retirement plans or by account holders of the Empower Retirement IRA who invest in the Portfolios of the Great-West Funds or underlying funds managed by PIM. PIM also serves as the sub-adviser to the Great-West Putnam High Yield Bond Fund and the Great-West Putnam Equity Income Fund; both Funds under investment management with GWCM.

*Irish Life Investment Management, Limited* – a Dublin, Ireland based, SEC registered investment adviser. ILIM is part of the Great-West Lifeco, Inc. ("GWL") group of companies; GWL has operations in Canada, the United States, Europe and Asia through ownership of various companies including Great-West and PIM. AAG is wholly-owned subsidiary of Great-West which in turn is an indirect, wholly owned subsidiary of GWL which controls ILIM. ILIM manages the index series of GW Funds.

The affiliated companies of AAG, GWCM, GWFS, Great-West, GWL&ANY, Great-West Funds, FAScore, Great-West RPS, and GWTC operate under the multiple brands of "Great-West Financial®", "Great-West Investments", "Empower Retirement" and "Empower Institutional" depending upon the products, services and retirement markets involved. These brands do not materially affect the internal structure of AAG or AAG's corporate ownership.

### **Potential Conflicts of Interest**

The investment options available to be advised through the Service are generally established by the plan sponsor/client for whom AAG provides its Services or by the institutional partner through which our Services are delivered. In some cases, the investment options may include or be comprised solely of affiliated investment options of AAG. Participation in the MA service may result in an allocation to one or more investment options managed by an affiliate of AAG. AAG does not receive compensation from its parent company or any of its affiliates as a result of these allocations or in connection with the solicitation or offering of insurance products of Great-West or GWL&ANY ("Insurance Products.") AAG does

not view these relationships as conflicts because the sub-adviser remains independent from AAG and its related persons with respect to their methods of analysis, investment strategies and advice provided. A participant will pay advisory fees to AAG for the MA service and indirectly to GWCM if Great-West Funds are included in the retirement plan investment options. The fees paid to GWCM for management of the Great-West Funds are included in the fund share price.

For employer-sponsored retirement plans, registered representatives of GWFS Equities may offer insurance products, at the request of the plan sponsor, to AAG's advisory clients. Some AAG-affiliated employees will have an opportunity to earn bonus compensation, in addition to their salary, for communication, education and /or assisting participants to enroll in AAG's Services. Such bonus compensation does not increase the fees paid by the plan and/or their participants.

#### **Other Business Activities**

Certain senior managers and officers of AAG may also serve as executive officers of AAG's parent company, Great-West and other affiliates of AAG.

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

##### **AAG's Code of Ethics**

AAG has adopted a written Code of Ethics (the "Code") in compliance with Rule 204A-1 of the Investment Advisers Act of 1940 ("Advisers Act"). The Code sets forth standards of business conduct expected of advisory personnel and require AAG's advisory personnel, referred to as "Supervised Persons" and, in some cases, as "Access Persons." Access Persons are required to report their personal securities holdings and transactions in accordance with the Advisers Act. AAG's Supervised Persons are required to comply with AAG's Code of Ethics. A copy of the Code will be provided to current or prospective clients, upon request. AAG's Code includes but is not limited to such topics as:

- Fiduciary responsibility to clients;
- Compliance with federal securities laws;
- Protection and safeguarding of confidential information;
- Giving and receiving gifts, gratuities and entertainment;
- Political contributions;
- Reporting and monitoring personal securities transactions;
- Avoiding and disclosing conflicts of interest, and;
- Reporting violations of the Code.

##### **Personal Trading**

AAG's Code requires pre-clearance of certain securities transactions. Officers, managers, and certain employees of AAG (collectively, "Access Persons") may trade for their own personal accounts in securities which are recommended to and/or purchased for AAG's advisory clients. However, because the Code would permit Access Persons to invest in the same securities as clients in some circumstances, there is a possibility that employees could benefit from market activity by a client in a security held by an Access Person. As a result, trading is continually monitored in accordance with the Code and federal securities laws. AAG's Code is intended to ensure that the personal securities transactions and the outside business activities of AAG's Access Persons do not interfere with making decisions in the best interest of advisory clients.

##### **Principal Trading**

AAG has adopted a policy and practice not to engage in any principal transactions. AAG holds no investments for its own accounts which could be bought from, or sold to, an advisory client. In the event of any change in AAG's policy, any such change must be approved by management and any principal transactions would only be permitted after meeting the review and approval requirements described under the anti-fraud section of the Advisers Act.

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

###### *Affiliate GWFS Effects Securities Transactions for Advisory Clients*

Registered representatives of GWFS and/or Great-West RPS may provide wholesaling, direct sales, enrollment, and/or communication services to retirement plans and their participants for which AAG may also provide its services. In return, GWFS or Great-West RPS may receive fees from either the plan or the investment provider (fund families). All securities transactions which occur as a result of the services provided by AAG as described in this Brochure are executed by GWFS. GWFS may receive compensation in the form of 12b-1 fees or other compensation from mutual fund companies or from the other investments that may be available as plan or IRA investment options. In all instances, AAG's affiliation with these entities is disclosed. Allocations in the investment options are solely determined and based on Morningstar Investment Management's software and not determinations made by AAG. The compensation paid by AAG to Morningstar Investment Management for Morningstar Investment Management's proprietary software advice program does not vary based on the allocations made or recommended by Morningstar Investment Management. Because Morningstar Investment Management is unaffiliated with AAG and GWFS, AAG does not believe there is a conflict of interest.

##### **Affiliate Great-West or GWL&ANY Proprietary Investments**

Investment options into which participant or accountholder assets may be allocated, pursuant to the OIA or the MA services may be through a fixed and variable deferred annuity issued by Great-West or GWL&ANY. Because Morningstar Investment Management is unaffiliated with AAG,

Great-West, GWL&ANY and their affiliates, AAG does not believe there is a conflict of interest. However, in all instances, AAG's affiliation with Great-West and/or Great-West's affiliates, as applicable, will be disclosed.

## **Item 12 – Brokerage Practices**

### **Brokerage Selection; Best Execution**

For retirement plans or the Empower Retirement IRA, the plan sponsor, its agent, or the IRA platform provider selects the broker-dealer used by the retirement plan and determines the reasonableness of the compensation. AAG does not select or recommend broker-dealers for stock transactions or self-directed brokerage accounts and does not determine the reasonableness of broker-dealer's compensation. Transactions recommended by Morningstar Investment Management for the Service are processed by AAG's affiliated recordkeeper, Empower Retirement ("Empower"), and generally executed through GWFS.

### **Soft Dollar Practices**

AAG, as a matter of policy, does not utilize research, or other products or services from third parties in connection with client securities transactions on a soft-dollar commission basis.

### **Directed Brokerage**

The plan sponsor may elect to offer brokerage services to participants in the retirement plan. AAG does not participate in such decisions and does not provide recommended portfolios or investment recommendations on assets held in a brokerage account under the retirement plan.

### **Trade Aggregation**

AAG does not bunch orders or engage in block trades to execute equity orders for clients as client accounts, generally, are held in trust per regulatory requirements. Further, most trades are mutual funds where trade aggregation does provide any additional client benefits.

## **Item 13 – Review of Accounts**

Personnel of AAG, at least annually, review the methodologies used by Morningstar Investment Management to power the OIG, OIA and MA services to ensure that they are consistent with investment advisory best practices, current technology, applicable law and the terms of the agreement between AAG and Morningstar Investment Management.

Neither AAG nor Morningstar Investment Management review the personal financial information of participants/account holders as provided by the participant/account holder or the Plan Sponsor and do not assume responsibility for any incomplete or erroneous information. Such information, which includes date of birth, salary, gender and/or state of residence, must be reviewed periodically by the participant and/or the Plan Sponsor or the account holder who in turn are responsible for notifying AAG of any changes, errors or omissions to such information.

AAG conducts the following review of its clients' accounts:

### **Online Investment Guidance Service**

AAG does not conduct any review or other oversight for participants/account holders enrolled in this service.

### **Online Investment Advice Service**

AAG does not conduct review of its participant's/account holder's accounts in respect to investment oversight, monitoring, or rebalancing. Participants/account holders receive from AAG investment recommendations based on the investment options as provided in their specific retirement plan or in the Empower Retirement IRA. **It is the responsibility of OIA clients to review and update their accounts to adjust for changes in the investments they own and to determine whether the recommendations are suitable for their particular investment needs. OIA clients should also review and update their accounts should significant changes occur in their personal circumstances.**

### **Managed Account Service**

Under the MA service, participant/account holder assets in the investment options are monitored, rebalanced and reallocated on a periodic (approximately quarterly) basis by AAG, based on Morningstar Investment Management's software program. On an annual basis, based on the individual's birth date, those enrolled in the MA service will receive an Annual Kit containing an account update and forecast statement. Morningstar Investment Management updates their capital market assumptions underlying their methodology used to construct the asset classes, on at least an annual basis and then makes changes to the portfolio allocations, as necessary based on updated assumptions. The portfolios are also monitored on a regular basis on current portfolio allocations and adjustments are made as necessary.

### **Financial Planning Service**

AAG does not verify or review the information provided by the individual and/or the plan sponsor which is used to provide the individual with the financial needs assessment. The individual and/or plan sponsor is responsible for providing accurate and comprehensive information and the individual is responsible for reviewing their personal financial circumstances and updating their information with any material changes.

### **Spend-Down Advice and Retirement Income Projection Tools**

AAG does not conduct any review or other oversight for participants/account holders or Plan sponsors who utilize these tools or services. They receive access to AAG's various online tools, including account planning and analytical tools, and the participant/account holder is responsible for selecting their own asset classes and building a diversified portfolio based on their own self-direction using this service

### **Reporting to Clients**

Participants/account holders enrolled in the MA service receive a MA Welcome Kit shortly after enrollment, an account update at least annually, and a forecast statement annually. Participants/account holders enrolled in OIA can review their accounts and generate their own reports at any time. Individuals are encouraged to update their personal information or make changes to investment options online or via the appropriate toll-

free customer service number at any time should a significant change occur in their personal circumstances. In addition, all individuals receiving Services are provided quarterly account statements generated by the plan's recordkeeper.

AAG communicates regularly, either orally or in writing, with plans and/or plan sponsors to report participant utilization of the services. AAG also contributes to reporting for plan sponsors, including periodic reports and performance information such as the Fund Performance Review ("FPR"), which includes information about a client's investment options, fund list, portfolio holdings and asset allocation strategy, among other things, as applicable. The nature and frequency of other communications with plan sponsors depends on the terms of the agreement between AAG and the plan or plan sponsor. AAG also communicates with plan sponsors upon their request.

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

AAG does not pay cash or other compensation to outside solicitors for referrals to the Empower Retirement IRA.

AAG may pay cash compensation or referral fees to unaffiliated firms for soliciting and referring plan sponsors and their participants to enroll in AAG's Services. Any compensation paid by AAG for solicitation activities is pursuant to a written agreement and is paid in compliance with Rule 206(4)-3 of the Advisers Act.

Some AAG-affiliated employees will have an opportunity to earn bonus compensation, in addition to their salary, for communication, education and/or assisting participants to enroll in AAG's Services. Such bonus compensation does not increase the fees paid by the plan and/or their participants.

#### **Item 15 - Custody**

AAG does not maintain actual custody of its clients' cash, bank accounts, or securities. Pursuant to Rule 206(4)-2 of the Advisers Act as amended, AAG is deemed to have constructive custody with respect to certain client funds and securities because an affiliated party is the custodian and directed or discretionary trustee of certain retirement plan accounts. In addition to annual audits, these accounts, except for Emjay, are subject to surprise verifications by an independent public accountant each year, as required by Rule 206(4)-2. If applicable, AAG's clients receive periodic account statements (at least quarterly) from their custodian. Certain clients may have assets held by unaffiliated custodians.

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

AAG provides discretionary investment management services for those plan participants/account holders who enroll and participate in the MA service; AAG does not offer or engage in discretionary investment services for either OIG or OIA.

The MA service is a professional, flexible asset management program based on data resulting from the methodologies and proprietary software program developed and employed by its IFE, Morningstar Investment Management. To provide the MA service to plan participants and IRA account holders, AAG retains discretionary authority over the allocation of available investment options without requiring prior approval of each transaction. All ongoing investment transfers and investment direction changes are implemented for plan participants enrolled in the Managed Account service.

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

AAG, as a registered investment adviser, and as a matter of practice, does not accept authority to vote client securities in connection with any of the services described in this Brochure.

#### **Item 18 – Financial Information**

As previously discussed, under certain circumstances AAG has discretionary authority over certain client funds and securities. Accordingly, AAG is required to disclose information about AAG's financial condition that is reasonably likely to impair AAG's ability to meet contractual commitments to its clients. AAG has no financial commitment that impairs its ability to meet contractual commitments to its clients, nor has AAG been the subject of a bankruptcy proceeding. Further, AAG does not require or solicit prepayment of fees in excess of \$1,200 per client more than six months in advance.

Not an Offer to Purchase or Sell Securities. This information contained in this Brochure, including for example information regarding Great-West Funds, Inc., is for disclosure and other informational purposes only and is not an offer to sell or a solicitation of an offer to buy any securities, and may not be relied upon in connection with the purchase or sale of any security.