



# THE ADVOCATE GROUP

## **The Advocate Group, LLC**

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## **Form ADV Part 2A – Firm Brochure**

May 2019

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This 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 us at 952.693.2630. 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. Registration as an investment adviser does not imply a certain level of skill or training.

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

## **Item 2 – Material Changes**

Since the date of our last annual brochure, dated December 2017, the following material changes have been noted:

- We removed references to the use of third-party money managers and to retirement plan advisory services, as we are not currently engaged in these services.
- We added the option for clients with sufficient assets under our management to receive combined financial planning and investment advisory services on an on-going basis under a single investment management agreement.
- We removed references to LPL Financial and wrap-fee programs, as we have completed our transition away from the LPL-based wrap fee program.
- We made minor changes to language throughout the brochure to enhance clarity for readers.

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 end. 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 will provide other ongoing disclosure information about material changes as necessary, and you will find our most up-to-date disclosure information on our website at [www.theadvocategroup.com](http://www.theadvocategroup.com).

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## **Item 4 – Advisory Business**

### **Brief History**

The Advocate Group, LLC's ("The Advocate Group") sister company, TAG Financial Services, Inc. (formerly known as The Advocate Group, Inc.) was founded in 2001. The practice grew rapidly through the efforts of the founders and referrals from existing clients. The firm has focused its service offering primarily to senior officers of large companies and individuals.

The Advocate Group is a Minnesota limited liability company and a federally-registered investment advisory firm since 2011. Controlling members include:

- Ricky L. Lueck, Senior Wealth Advisor & Managing Partner
- David B. Van Benschoten, Non-Employee Shareholder
- Michael L. Corrigan, Senior Wealth Advisor & Chief Compliance Officer
- Sean P. O'Hagan, Wealth Advisor
- Rebecca A. Wachter, Director of Business Operations

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

The Advocate Group's services are provided based on the individual needs of each client. The following are brief descriptions of The Advocate Group's primary services:

**Financial Planning** - The Advocate Group provides advisory services in the form of financial planning services. Financial planning services 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 of client investment accounts. This means that The Advocate Group will monitor a client's accounts and make trades in client accounts when necessary.

### **Client Assets Managed by The Advocate Group**

As of December 31, 2018, our assets under management are \$340,376,849 with \$337,640,337 managed on a discretionary basis and \$2,736,512 managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

The Advocate Group offers investment management advisory and financial planning services. The details of how The Advocate Group's compensation is calculated and charged are clearly documented in the written investment management agreement signed by each client. We charge fees based on a percentage of assets under management when we manage investment accounts. We may also charge flat retainer fees for financial planning services, and such fees are agreed to by the client in advance and documented in the written financial planning agreement signed by the client.

### **Financial Planning**

For clients selecting this service, The Advocate Group provides holistic financial planning services using The Advocate Group platform and will deliver a written or electronic financial plan detailing its recommendations and analysis. Clients will also have online access to their plans through The Advocate Group platform. Clients can access the system on a daily basis to see account updates and financial planning strategies. Clients are also able to consult with The Advocate Group's team for ongoing advice.

Financial planning topics can include both securities and non-securities related matters. To begin the financial planning process, The Advocate Group will meet with the client to determine the scope of services and financial planning topics to be covered. Once defined and agreed upon, the client and The Advocate Group will enter into a Financial Planning Client Agreement.

Financial planning services are generally provided for a one-year period commencing upon the execution of the Financial Planning Client Agreement and ending one year later. By entering into a one-year retainer agreement, the client will have continuous access to The Advocate Group platform. The Advocate Group will consult with the client to make changes to financial plans due to significant changes to client circumstances and The Advocate Group will also review the plan due to significant changes to external circumstances related to taxation, markets and the overall economy.

The exact fee will be quoted to the client in advance of commencing any services. Annual retainer fees are negotiable and will be determined by The Advocate Group based on factors such as the client's financial situation, complexity of services covered and the total number of topics covered in a plan. Typical initial annual financial planning fees range between \$5,000 and \$25,000, depending on the complexity of the plan. The fee is billed and collected as agreed upon via AdvicePay, an online payment system, or via a check from the client following delivery of an invoice from The Advocate Group.

While not required to do so, clients can choose to engage The Advocate Group for on-going financial planning services provided after the initial year. Clients can contact The Advocate Group throughout the year to discuss changes in their financial planning situation or ask questions concerning the plan. The Advocate Group will contact financial planning clients at least annually to ensure all information and client assumptions are accurate. Annual retainer fees for on-going financial planning are negotiable and will be quoted to the client in advance of commencing any services. On-going annual retainer fees typically range from \$3,000 to \$15,000.

The term of each Financial Planning Client Agreement shall be one year and require a signature from one individual in the household. However, clients have the right to terminate financial planning services without penalty (i.e. no fees due and/or a complete refund of any fees paid in advance) within five (5)

business days after executing the Financial Planning Agreement. After the initial five-day period, a client may invoke early termination by providing notice to The Advocate Group and termination shall be effective upon The Advocate Group's receipt of termination. After the initial five (5) business days, a pro-rated refund will be made to client, based upon the number of months remaining in the contract year.

Clients who have over \$3,000,000 in assets that are using The Advocate Group's investment management advisory services receive complimentary on-going financial planning. Such clients shall sign an Investment Management Agreement that includes a description of on-going financial planning services to be provided.

If clients choose to implement investment advice through The Advocate Group, clients must select one of the other advisory programs detailed in this brochure and pay the respective additional investment advisory fees to The Advocate Group for participation in the other advisory programs detailed in this brochure. Clients can also work with one of The Advocate Group's associated persons in their separate capacity as an independent insurance agent. When doing so, The Advocate Group's affiliate will earn commissions in addition to the financial planning fees charged by The Advocate Group.

### **Investment Management**

The Advocate Group provides investment management services defined as giving continuous investment advice to a client and makes investments for the client based on the individual needs of the client. The Advocate Group provides customized and individualized investment recommendations to clients. Pursuant to each client's specific investment objectives, securities held in accounts generally include no-load and load-waived mutual funds, fixed income securities such as bonds, unit investment trusts (UITs), closed-end and Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs), stocks, certificates of deposit, hedge funds, managed futures, structured products and/or fee-based variable annuities. Clients who wish to engage The Advocate Group for investment management services will execute an Investment Management Agreement.

Through this service, The Advocate Group will be granted trading authorization on the client's account. Trading authority allows The Advocate Group the ability to make trades in the client's account on behalf of the client. Such authorization is provided on a discretionary or non-discretionary basis depending on the individual needs and request of each client. Discretionary authority allows The Advocate Group the ability to make trades in the client's account without contacting the client prior to each trade. When non-discretionary trading authorization is granted, The Advocate Group must get the client's approval prior to making any changes in the client's account.

The annual investment advisory fee charged for this service shall vary between 0.45% and 0.99% of the assets held in the account and is determined based upon the market value of the account as of the last business day of the prior calendar quarter. The annual fee shall be divided and payable quarterly in advance through a direct debit in the client account. Fees for inflows and outflows at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the quarter.

At The Advocate Group's discretion, The Advocate Group can reduce its standard fee, or elect to charge a flat fee. Each client's specific fee arrangement is negotiable and will be determined based on factors such as, but not limited to, the total assets under management, the number of accounts managed, the client's financial situation, and the client's overall relationship with The Advocate Group. The actual fee charged to each client shall be determined prior to establishing the arrangement and stated in the Investment Management Agreement.

Fees are calculated and debited from client accounts at their custodian. Clients must provide written authorization to have advisory fees deducted directly from their accounts and to have fees paid to The Advocate Group.

Brokerage fees and/or transaction ticket fees will be unique to each custodian or broker/dealer. The Advocate Group does not receive any portion of such fees from the custodian or client. In addition, 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, mutual fund sales loads, 12(b)-1 fees and surrender charges, fee-based variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and other fees that may be unique to a product, transaction or custodian. Management fees charged by The Advocate Group 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.

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. The Advocate Group does not charge a penalty fee upon termination.

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

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

#### **Item 7 – Types of Clients**

The Advocate Group generally provides investment advice to:

- Individuals
- High Net Worth Individuals
- Pension, profit sharing and retirement plans
- Trusts, estates, or charitable organizations
- Corporations or other business entities

In general, most household relationships have aggregate portfolios of \$500,000 or more, however, there is no minimum portfolio requirement.

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

The firm's core belief is that a comprehensive financial plan should drive investment and asset allocation decisions, not exclusively a client's personal risk tolerance. The firm's clients may hold a personal risk tolerance that is higher or lower than the risk necessary to achieve sufficient returns for a successful

investment and life outcome. Detailed discussion of this difference between required risk and tolerated risk leads to a clarifying discovery of each client's actual desired risk. It is this desired risk, not tolerance for risk, which becomes foundational to each client's individually designed asset allocation with The Advocate Group.

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 more successful investor.

The Advocate Group's investment philosophy is also impacted by the unique circumstances of its client base. Many clients of the firm hold a concentrated wealth position in the securities of the company for which 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 level 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.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never 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 selected, there are varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of the original principal invested.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. Investing in securities involves the risk of loss and clients should be prepared to bear potential losses. There are certain additional risks associated when investing in securities through our investment management program that are outlined as follows:

**Market Risk.** Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

**Equity (Stock) Risk.** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

**Company Risk.** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its



industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**Fixed Income Risk.** When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

**Options Risk.** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

**Exchange Traded Fund ("ETF") and Mutual Fund Risk.** When our firm invests in a an ETF or mutual fund, it will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

**Exchange Traded Note ("ETN") Risk.** The purpose of ETNs is to create a type of security that combines both the aspects of bonds and ETFs. Similar to ETFs, ETNs are traded on a major exchange, such as the NYSE during normal trading hours. However, investors can also hold the debt security until maturity. At that time the issuer will give the investor a cash amount that would be equal to principal amount (subject to the day's index factor). One factor that affects the ETN's value is the credit rating of the issuer. The value of the ETN may drop despite no change in the underlying index, instead due to a downgrade in the issuer's credit rating.

**Management Risk.** Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## **Item 9 – Disciplinary Information**

This item is not applicable to The Advocate Group's brochure because there are no legal or disciplinary events 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.

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

The Advocate Group is an independent investment advisory firm and only provides investment advisory services. The firm is not engaged in any other business activities and offers no other services than those described in this brochure. The Advocate Group is affiliated with TAG Financial Services, Inc. TAG Financial Services, Inc. is a licensed insurance agency used to market the insurance services provided by our staff that are also licensed as insurance agents.

Insurance products are offered on occasion, at client request only, to assist in meeting 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 staff in their separate capacities as insurance agents, clients do purchase such products when needs arise. For clients of the firm who

purchase products causing commissions to be generated, these are directed to the agency and are not for the benefit of an individual agent. For those staff members who are insurance licensed, this activity varies throughout the year.

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

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 applies 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.

The Advocate Group or its associated persons are permitted to 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.

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 advisor's Code of Ethics in its entirety, a copy will be provided promptly upon request to Michael Corrigan at 952.693.2630 or [mcorrigan@TheAdvocateGroup.com](mailto:mcorrigan@TheAdvocateGroup.com).

### **Item 12 – Brokerage Practices**

#### **Custodians and Brokers**

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. Client assets must be maintained in an account at a qualified custodian; generally a brokerage firm, mutual fund company or bank. While The Advocate Group does not have discretion to determine which custodian will be used or the commission rates paid, we have relationships with Schwab Advisor Services, a division of Charles Schwab & Co. ("Schwab"), and Fidelity. Schwab and Fidelity are

registered broker dealers and SIPC members. The Advocate Group is independently owned and operated and is not affiliated with Schwab or Fidelity.

Schwab and Fidelity maintain client custody accounts for our clients. Schwab and Fidelity will also buy and sell securities when we instruct them to do so, as your adviser. While we recommend Schwab or Fidelity as qualified custodians, the ultimate decision is left to the client. If the client elects to establish an account to custody assets elsewhere, this can result in the loss of possible advantages derived from bunching of orders for several clients as a single transaction or more attractive share classes at lower minimums. Also, even though an account is maintained at Schwab or Fidelity, clients can still use other brokers to execute trades for their account.

### **Custodian/Broker Selection**

The Advocate Group seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. The factors that we consider in making our recommendations to clients include respective financial strength, reputation, execution quality, pricing, research, and service. Schwab and Fidelity enable us to obtain certain exchange-traded funds (ETFs) and mutual funds without transaction charges and other securities at nominal transaction charges.

The Advocate Group recommends transactions in fixed income securities. Although it does not do so at present, The Advocate Group may execute fixed income transactions through broker dealers other than Schwab or Fidelity depending upon the type of bond and price comparisons. Best execution is tested if or when similar bonds might appear in inventory at multiple dealers. Outside broker dealers may act as principal on these trades.

### **Brokerage and Custody Costs**

Schwab, Fidelity and other broker dealers are compensated by charging commissions, collecting shareholder service fees from Mutual Fund companies, or other fees associated with trade execution and/or delivery. Schwab and Fidelity may charge separately for certain custody services. The client may pay a commission that is higher than another qualified custodian might charge to effect the same transaction where The Advocate Group determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. The Advocate Group has determined that having Schwab and Fidelity execute most trades is consistent with our duty to seek best execution. Best execution means the most favorable terms for a transaction based on all relevant factors, taking into consideration the full range of a broker dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Therefore, while The Advocate Group will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for every client transaction.

Clients that select Schwab or Fidelity to serve as custodian of their assets benefit from the commission rates Schwab or Fidelity make available to our clients. While The Advocate Group presently executes all trades through Schwab or Fidelity for client accounts held at those respective custodians, future bond trades may be executed through a different broker dealer if we reasonably believe that an alternate broker dealer will provide best execution. Therefore, future bond trades could be executed at different times and different prices. We periodically and systematically review our policies and procedures regarding recommending broker dealers to our clients in light of our duty to obtain best execution.

Clients are permitted to direct The Advocate Group, in writing, to use a particular broker dealer to execute some or all of your transactions; also known as directed brokerage. In that case, the client will negotiate terms and arrangements for the account with that broker dealer. With these directed brokerage arrangements, a client may pay higher commissions, greater spreads or less favorable net prices. If the Firm agrees to a client request to direct brokerage, we are relieved of our obligation to seek better execution services or prices from other broker dealers. Furthermore, we will be unable to "batch" client transactions for execution through other broker dealers with orders for other accounts managed by The Advocate Group. We may decline a client's request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in undue operational difficulties.

### **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 is 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. It should be noted, The Advocate Group does not receive any additional compensation or remuneration as a result of aggregation.

### **Cross Trades**

The Advocate Group will not engage in cross transactions that involve a broker-dealer and where The Advocate Group has discretion over only one of the client accounts involved in the transaction and it, or an affiliated broker-dealer, executes the transaction for both sides in a brokerage capacity. The Advocate Group will engage in cross trades when it is deemed to be in the best interest of the clients. A cross trade occurs when a transaction is implemented between two different clients, both of which are managed by The Advocate Group. These types of cross transactions will only be used when it can be determined that doing so would achieve "best execution" and benefit the clients involved by saving commissions, market impact costs, and other transaction charges. Prior to implementing cross trades, full disclosure will be made in The Advocate Group's Form ADV and detail of cross trade activity would be fully disclosed and accepted in writing by all participating clients. Cross trades will not be performed if an account is subject to ERISA since it is virtually prohibited. In addition, if a client account managed by The Advocate Group is deemed to hold "plan assets" cross trades will be prohibited regardless of whether the other side to the transaction is subject to ERISA.

### **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 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. 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, 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 the broker/dealer incurs from trading errors.

### **Soft Dollar Benefits**

Although we do not receive client referrals from custodians or broker/dealers, we have entered into a specific, soft-dollar written agreement with various broker/dealers and custodians that we recommend to current and prospective clients. The Advocate Group is independently owned and operated and not affiliated with these providers. These platforms provide institutional service levels that are not available through the retail marketplace because of the level of client accounts maintained by The Advocate Group with the provider. Services available to The Advocate Group include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. We believe that this benefits all of our clients.

There are also benefits made available through these types of arrangements that benefit The Advocate Group but may not benefit our clients directly. Some of these other products and services assist The Advocate Group in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of advisory fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of The Advocate Group accounts. Other services are intended to help The Advocate Group manage and further develop its business enterprise. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

While as a fiduciary, The Advocate Group endeavors to act in its clients' best interests, and while the recommendation that clients maintain their assets in accounts with a particular custodian or broker/dealer is based in part on the benefit to The Advocate Group of the availability of some of the foregoing products and services; nevertheless, these products and services, by facilitating the Firm's workload, are also effectively benefiting our clients as well.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Ongoing financial planning services include periodic meetings with clients to review and update the information, assumptions and advice within the base plan. As changes happen throughout the year, The Advocate Group will meet either in person or over the phone to render financial advice on an ongoing basis.

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 are 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 to reinvest cash, manage deposits and withdrawals, and to rebalance asset allocations. Triggering factors for changes to underlying portfolios include the relative valuation changes between asset classes, deviation from management style by fund, or fund closures.

### **Statements and Reports**

Clients receive account statements directly from the client's qualified custodian at least quarterly. In addition, The Advocate Group will provide performance or position reports of their accounts managed by The Advocate Group upon request and/or in person during meetings.

Clients are strongly urged to compare all reports prepared by The Advocate Group against the account statements received from the client's broker/dealer or qualified custodian.

### **Item 14 – 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 12, the only form of compensation received from advisory accounts are the fees described in Item 5.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by the SEC as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

The Advocate Group is deemed to have custody of client funds and securities whenever The Advocate Group is given the authority to have fees deducted directly from client accounts. Because The Advocate Group is given the authority to have fees deducted directly from custodians, The Advocate Group is deemed to have custody over those accounts. Following the February 2017 SEC No-Action Letter guidance, The Advocate Group is also deemed to have custody when assisting clients with 3<sup>rd</sup> party money movement requests. It should be noted that authorization to trade in client accounts is not deemed as custody by the SEC.

For accounts in which The Advocate Group is deemed to have custody and for all other accounts, The Advocate Group has established procedures to ensure all client funds and securities are held at a qualified custodian (such as a broker/dealer or bank) in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from The Advocate Group. When clients have questions about their account statements, they should contact The Advocate Group or the qualified custodian preparing the statement.

The February 2017 SEC No-Action Letter provided advisors with seven conditions that, if they are met, can help advisors avoid the annual surprise exam requirement when assisting clients with 3<sup>rd</sup> party money movement requests. The Advocate Group will maintain documentation supporting its compliance with the seven conditions.

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

Through its investment management services and upon receiving written authorization from a client, The Advocate Group will maintain trading authorization over client accounts. Upon receiving written authorization from the client, The Advocate Group will most often implement trades on a **discretionary** basis. When discretionary authority is granted, The Advocate Group will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of The Advocate Group to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that can be purchased in an account. Clients can also place reasonable limitations on the discretionary power granted to the firm so long as the limitations are specifically included as an attachment to the client agreement.

### **Item 17 – 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 provides 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 18 – 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 and Terms of Use**

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, 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. 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 accountants and attorneys. The Advocate Group has implemented physical, electronic, and procedural safeguards aimed at meeting The Advocate Group's duty to protect nonpublic client information. These safeguards apply to current and past clients and prospects.

Personally identifiable information about our clients will be maintained during term of the advisory relationship and for a time thereafter, as required by federal and state security laws. After this time of required record retention, all such information may be destroyed without notice to the client.

We make every effort to keep our records up to date. If you identify an inaccuracy in your personal information, or you need to make a change, please contact The Advocate Group promptly.

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.

### **Terms of Use**

Like many other websites, The Advocate Group's website may use cookies and similar technologies. When you use our website, our web server sends a cookie to your computer. A cookie is an electronically transmitted file that holds small pieces of information and may facilitate your use of certain features of our

website by eliminating the need to re-enter information. Cookies and similar technologies may collect information such as your IP address, browser and device characteristics, referring URLs and traffic patterns on our website. Cookies do not act maliciously on computer systems. Users can disable cookies by adjusting browser preferences on their personal computer at any time; however in some cases, this may limit the ability to take advantage of all features on our website.

The Advocate Group and our third party providers may also use web analytical tools to help gather personal information about usage of our website and client portals including viewing of content made available through client portals. These tools allow us and our third party vendors to manage and improve our website and services and will only be used to assist and third party vendors on our behalf, in providing services.

The Advocate Group website may provide a contact form and may provide other types of forms that allow you to provide us with information and request information and/or register for events. Users do not have to provide The Advocate Group with any personal information through our website. The Advocate Group may share or give access to this personal information to our affiliates or other companies that we hire to perform these services on our behalf. If The Advocate Group provides or gives access to personal information to outside companies, we require them to use the personal information for the limited purposes for which we shared the information. If you believe The Advocate Group or any company associated with us has misused any of your information please contact our Chief Compliance Officer immediately and report such misuse.

The Advocate Group may send you newsletters or information about services on a periodic basis. To opt-out of any specific electronic communication, click on the opt-out button associated with the specific communication or follow the instructions to unsubscribe from future e-mails.

If you are a client or prospective client (or a respective duly authorized representative), you may have been granted access to certain nonpublic portions of the website or service offerings otherwise made accessible (for example, by an electronic invitation providing a link to a log-in page) through a uniquely assigned log-in from The Advocate Group.

The use of Client Portal services are completely optional and provided for your convenience. You can choose whether or not you would like to use these services. Our Client Portals are subscription-based services that we procure from third party providers for use by our clients.

Note that if you have been granted access to an eMoney account for online wealth management planning, such service is provided by eMoney Advisor, LLC ("eMoney") and your use of the eMoney portal shall be subject to the eMoney Terms of Service Agreement as made available to you on such portal and eMoney's privacy policy.