

## **Part 2A of Form ADV: *Firm Brochure***



### **Advisors Management Group, Inc.**

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**This brochure provides information about the qualifications and business practices of Advisors Management Group, Inc. If you have any questions about the contents of this brochure, please contact us at 608.782.0200 or email us at [amgi@amgteam.com](mailto:amgi@amgteam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Being a “registered investment adviser” or describing ourselves as being “registered,” does not imply a certain level of skill or training.**

**Additional information about Advisors Management Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 113020.**

## **Item 2     Material Changes**

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This section discusses *only* material changes made since the last annual update of our brochure. Since AMG's last annual update on March 18, 2024, AMG has the following material changes to report.

- Item 4- Pontera has been discontinued as a service provided by the firm
- Item 5- Pontera fee language has been removed.

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## **Item 4     Advisory Business**

### **Ownership**

Advisors Management Group, Inc. (“AMG”) is a SEC registered investment adviser with its principal place of business located in Wisconsin. AMG was formed as a Registered Investment Adviser in 1988 and is 58% owned by Roger D. Deets and 42% owned by AMG’s Stock Ownership Trust for the benefit of its employees, none of which owns more than 25% each. Jennifer Deets is the CCO.

### **Portfolio Management Services**

AMG provides investment supervisory services to a variety of clients. Types of investments AMG provides advice for include, but are not limited to, equity securities (exchange-listed, over the counter, and foreign issuers), United States government securities, corporate debt securities, certificates of deposit, municipal securities, variable annuities, and mutual fund shares.

AMG’s investment advisory services include (i) analyzing a client’s financial profile, (ii) preparing investment recommendations, (iii) assisting a client in implementing the recommended investment strategy, (iv) providing performance reports on a quarterly basis, and (v) monitoring and reviewing the investment portfolio on a regular basis to ensure that it continues to meet the client’s needs and objectives.

AMG provides continuous investment supervisory services to clients based on each client’s particular financial situation, risk tolerance, and investment objectives. Our investment program primarily consists of designing and managing mutual fund and individual equity portfolios, but from time to time we offer investment recommendations about other individual securities.

Our investment recommendations are customized to the individual client. These recommendations will be based on prevailing market conditions and the clients’ investment objectives, time horizon, attitude toward risk, and financial situation.

AMG offers five general types of asset allocation models with variations available based on an individual’s time horizon and risk tolerance: ETF & Mutual Fund Aggressive Portfolio, 100% Stock Portfolio, ETF & Mutual Fund Moderate Portfolio, Dividend Stock Portfolio, and Capital Preservation and Income Portfolio.

- The ETF & Mutual Fund Aggressive Portfolio is designed to provide long term growth of capital with a modest level of interest and dividend income using mainly ETF’s and Mutual Funds.
- The 100% Stock Portfolio seeks to achieve growth by purchasing both growth and dividend paying stock.
- ETF & Mutual Fund Moderate Portfolio is designed to achieve investment growth and income using mainly ETF’s and Mutual Funds.
- The Dividend Stock Portfolio seeks to provide interest and dividend income along with long term growth of capital using mainly individual stocks, bonds, and ETFs.
- The Capital Preservation and Income Portfolio seeks to provide interest and dividend income as its primary focus.

Individuals may at any time impose restrictions on the management of their portfolio, but in doing so may limit our ability to manage risk while attempting to achieve a desired rate of return. Individuals may elect to purchase specific securities outside of the Allocation models set forth by AMG, but by doing so, risk and return parameters may differ from initial expectations. Risks of these investment strategies include the usual risks of investing, such as company specific risk, market risk, liquidity risk, and interest rate risk. Although we try to minimize the risk when designing the portfolios, these risks are still present and cannot be entirely avoided.

### **Sub-Advisory Services**

AMG provides investment management services on behalf of another Registered Investment Adviser on a sub-advisory basis. Sub-advisory arrangements may be provided on a discretionary or non-discretionary basis. In either arrangement, AMG will work closely with the other adviser to provide investment management services in-line with the other adviser's client's Investment Policy Statement and the specific mandate assigned to AMG.

### **Financial Planning Services**

In addition to investment advice, AMG also provides Financial Planning services to prospective and current clients. Through this process, information is collected by a member of the Firm's Investment Advisory Committee, and goals/objectives are discussed. AMG then prepares the financial plan using parameters approved by the Committee, after which the plan is reviewed with the client. If there are adjustments needed in the plan, these adjustments are made, and updated plans are reviewed with the client. Financial plans are monitored and updated regularly for existing clients of AMG upon request or as needed. AMG is under no obligation to accept the client after the initial consultation.

### **401K Plan Participant Consulting**

AMG provides 401K plan consulting services. AMG may determine a selection of investments from which the plan's participants choose for their personal allocation in their participant account. AMG may also provide assistance to plan sponsors, including the selection of the plan investment options, in accordance with the plan's objectives, as well as ongoing monitoring of those options to assist the plan sponsor in determining when changes to these options are needed. This advice is rendered on a non-discretionary basis, meaning the plan participants and sponsor are free to accept or reject AMG recommendations. In addition, if requested by the plan sponsor, AMG may assist with the review of plan service providers.

### **Business Consulting Services**

AMG also furnishes business consulting services to individuals and business entities. We evaluate each business and, if appropriate, each business owner's tax and financial circumstances, along with their desired personal and financial goals for the business and the business owner. We then recommend implementation strategies to help reach those goals. The business or business owner determines whether to implement such recommendations and, if implemented, which service providers will be used.

### **Limits Advice to Certain Types of Investments**

AMG provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)

- Interval Funds
- Exchange-listed Securities
- US Government Securities
- Fixed Income Positions (e.g. bonds)
- Equities (e.g. individual stock)

Although AMG generally provides advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

As of December 31, 2023, AMG had \$614,523,209 of assets under management, which consists of \$586,587,298 in discretionary assets and \$27,935,911 in non-discretionary assets.

## Item 5 Fees and Compensation

### **Portfolio Management Services Fees**

AMG charges an advisory fee based on a percentage of total market value of assets under management:

<u>Annual Advisory Fee</u>	<u>Assets Under Management</u>
1.25% on the first	\$1,000,000
.85% on amounts	\$1,000,001 - \$2,000,000
.60% on amounts over	\$2,000,000

The fee is negotiable under limited circumstances. The advisory fee may be deducted directly from the client's brokerage account or paid separately by check. If client assets are invested in mutual funds, the client will pay, in addition to our advisory fee, a proportionate share of the mutual fund's fees and expenses. The client is also responsible for all custodial fees and brokerage commissions, if any. Please refer to the *Brokerage Practices* section of this brochure for more information pertaining to these possible fees and commissions.

Advisory fees are computed on a quarterly basis. The quarterly fee will be charged at the beginning of each calendar quarter based upon the value of assets under management at the end of the previous quarter. For new accounts, the fee for the first quarter will be payable on the date on which the advisory agreement is accepted by AMGI and will be based on the market value of the assets on that date. The initial fee will be prorated from the date AMGI accepted the advisory agreement through the end of the calendar quarter. If additional assets are added to or withdrawn from the account during a quarter, the fee will be prorated to reflect the period of time the assets are under management. These fee refunds or amounts due for the prior quarter will be processed with the current quarter fees.

### **Termination of the Portfolio Management Services Fee**

If either AMG or the client terminates the investment advisory agreement, a portion of advisory fees already paid will be refunded. If a client terminates the agreement at any time, a pro-rata reimbursement of the fee will be made to the client for the quarter in which the agreement ended.

### **Financial Planning Service Fees**

The Firm typically charges a flat fee for financial planning with a minimum planning fee of \$1000.00 and a maximum fee of \$20,000.00. The fees vary depending upon the complexity of the Client's financial situation, the estimate of hours involved, preparation and research, and the specified areas. The Firm will provide an estimated fee in the written agreement for services. In limited circumstances, the Firm will not charge a financial planning fee.

Fees for all financial planning services are agreed upon in advance in writing and due at that time. For prepaid fees in excess of \$500.00, services will be completed within six months of the date fees are received.

### **Termination of Financial Planning Services**

A client may cancel any Financial Planning Service Agreement for any reason during the first five (5) days from the date of signing the agreement and will receive a refund of 100% of all fees paid without cost or penalty. To cancel the agreement, a client must notify the Firm and return any materials received to that date. Thereafter, the contract may be terminated at any time by giving written notice to the Firm. If a client cancels, any prepaid fees will be refunded on a prorated basis based upon the number of hours worked.

### **Business Consulting Service Fees**

The fee for AMG's business consulting services varies based on the type of service provided, the duration of the project, the expertise required and other factors and is negotiated on a client-by-client basis.

Fees for all business consulting services are agreed upon in advance in writing and due as agreed upon. For prepaid fees in excess of \$500.00, services will be completed within six months of the date fees are received.

### **Termination of Business Consulting Service Fees**

A client may cancel any Business Consulting Service Agreement for any reason during the first five (5) days from the date of signing the agreement and will receive a refund of 100% of all fees paid without cost or penalty. To cancel the agreement, a client must notify the Firm and return any materials received to that date. Thereafter, the contract may be terminated at any time by giving written notice to the Firm. If a client cancels, any prepaid fees will be refunded on a prorated basis based upon the number of hours worked.

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

AMG does not receive any performance-based fees.

## **Item 7 Types of Clients**

AMG provides investment advice and financial planning services to individuals, trusts, estates, charitable organizations, corporations or other business entities, other Registered Investment Advisers and participants of employee benefit plans (e.g. 403(b) plans, SIMPLE plans and IRA accounts). AMG also provides investment advice to participants of 401(k) and 457(b) plans. AMG does not currently require a minimum account balance to provide these services.

AMG also prepares income tax returns for individuals, trusts, estates, and business entities for a fee in addition to the investment advisory fee paid for advisory services. In addition, we provide bookkeeping, accounting, and business consulting services for small businesses, also for an additional fee.

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

AMG follows a disciplined investment philosophy of diversifying investments across several asset classes in a global context. The basic asset classes include stocks, bonds, and cash reserves. Each general asset class can be further broken down into various asset classes or investment alternatives (e.g. foreign stocks, small capitalization stocks, growth stocks, etc.). The various asset classes tend to perform differently under various market/economic conditions. Appropriate diversification among asset classes and market sectors allows the investor to achieve more consistent returns over time.

As part of the mutual fund and ETF selection process, we analyze the historical performance of the fund over the past one-, three-, five-, and 10-year periods and examine the fund's volatility during relevant time periods. We also analyze portfolio fundamentals and evaluate the fund's management. AMG primarily recommends no-load mutual funds. The universe of available investments may cause performance to vary slightly. Although we attempt to decrease risk in the portfolio design, investing in securities involves risk of loss that clients should be prepared to bear.

As part of the individual equity selection process, we analyze the volatility during relevant time periods along with the company's fundamental and technical data. We are seeking to add equities to the portfolio at a discount relative to 3–5-year fair value that are committed to paying dividends and/or have the potential for growth over time.

### **RISKS OF LOSS**

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal. Investing in securities inherently involves risk of loss which clients should be prepared to bear. Each portfolio involves different levels and types of risks. The following identifies the material risks associated with the portfolios described above:

**Market Risk:** Conditions in a broad or specialized market, a sector thereof or an individual industry may adversely affect security prices, thereby reducing the value of the portfolio's investments.

**Equity Risk:** Equity securities are subject to market risk. Stocks and other equity securities fluctuate in price, often based on factors unrelated to the issuers' value, and such fluctuations can be pronounced. Equity securities may also be subject to investment style risk, which is the risk that the particular market segment on which a portfolio focuses will underperform other kinds of investments.

**Fixed Income Risk:** Fixed income securities are subject to interest rate risk, credit risk, reinvestment risk, prepayment risk and call risk. Interest rate risk is the potential for a decline in bond prices due to rising interest rates. Credit risk is the possibility that the issuer of a fixed-income security will fail to make timely payments of interest or principal, or that the security will have its credit rating downgraded. Reinvestment risk is the risk that future proceeds will have to be reinvested at a lower potential interest rate. Prepayment risk is the chance that a large number of the mortgages underlying a



mortgage-backed security will be refinanced sooner than the investor had expected. Call risk is the possibility that an issuer will “call”—or repay—a high-yielding bond before the bond’s maturity date. In the case of both prepayments and calls, the portfolio is usually forced to reinvest the proceeds in a security with a lower yield.

**Small-and Medium-Sized Capitalization Company Risk:** Investing in securities of small-and medium-sized capitalization companies may involve greater risks than investing in larger, more established issuers. Smaller capitalization companies typically have relatively lower revenues, limited product lines and lack of management depth, and may have a smaller share of the market for their products or services than larger capitalization companies. The stocks of smaller capitalization companies tend to have less trading volume than stocks of larger capitalization companies. Less trading volume may make it more difficult for Adviser to sell securities of smaller capitalization companies at quoted market prices. Finally, there are periods when investing in smaller capitalization stocks falls out of favor with investors and the stocks of smaller capitalization companies underperform.

**Non-U. S. Securities Risk:** Non-U.S. markets can be significantly more volatile than domestic markets, causing the prices of a portfolio’s investments to fluctuate significantly, rapidly and unpredictably. Non-U.S. securities may be less liquid than domestic securities; consequently, the portfolio may at times be unable to sell non-U.S. securities at desirable times or prices. Brokerage commissions, custodial fees and other fees and expenses associated with securities transactions generally are higher for non-U.S. securities. In the event of a default in connection with certain debt securities issued by foreign governments, the portfolio may have very limited recourse, if any. Additionally, foreign governments may impose taxes which would reduce the amount of income and capital gain available to distribute to investors. Other risks related to non-U.S. securities include delays in the settlement of transactions; less publicly available information about issuers; different reporting, accounting and auditing standards; the effect of political, social, diplomatic or economic events; seizure, expropriation or nationalization of the issuer or its assets; and the possible imposition of currency exchange controls. Emerging market securities are likely to have greater exposure to the risks discussed above. Additionally, emerging market countries generally have less mature economies and less developed securities markets with more limited trading activity, are more heavily dependent on international trade and support, have a higher risk of currency devaluation, and may have more volatile inflation rates or longer periods of high inflation than more developed countries. Emerging market countries also are more prone to rapid social, political and economic changes than more developed countries. To the extent the portfolio invests substantially in securities of non-U.S. issuers tied economically to a particular country or geographic region, it will be subject to the risks associated with such country or geographic region to a greater extent than a portfolio that is more diversified across countries or geographic regions.

**Exchange-Traded Funds Risk:** ETFs charge their own fees and expenses; thus, portfolios that invest in ETFs will bear extra costs, such as duplicative management fees, brokerage commissions and related charges. In addition, there may from time to time be a significant discrepancy between the net asset value of an ETF and the price at which the ETF trades on an exchange.

**Registered Investment Companies Risk:** A portfolio that invests in registered investment companies is indirectly exposed to all of the risks of an investment in the registered investment companies, including the risk that the registered investment companies in which it invests will not perform as expected or that the portfolio will invest in registered investment companies with higher fees or expenses.

**Commodities Risk:** Commodity prices can be extremely volatile and are affected by many factors, including changes in overall market movements, real or perceived inflationary trends, commodity index volatility, changes in interest rates or currency exchange rates, population growth and changing demographics, nationalization, expropriation, or other confiscation, international regulatory, political, and economic developments (e.g., regime changes and changes in economic activity levels), and developments affecting a particular industry or commodity, such as drought, floods, or other weather conditions, livestock disease, trade embargoes, competition from substitute products, transportation bottlenecks or shortages, fluctuations in supply and demand, and tariffs.

**Illiquidity Risk:** – When investing in Interval Funds, you will bear illiquidity risk. Most Interval Funds can be purchased any day that the stock market is open. However, most Interval Funds limit sales/redemptions of the fund to one specific pre-set date each quarter. In a worst-case scenario, this limited quarterly liquidity can become even more pronounced if the fund manager elects to throttle the percentage of the fund that can be liquidated/redeemed each quarter. Quarterly redemptions can be throttled to be 5% of each investor's total investment each quarter, meaning there is a risk that an investor would not be able to fully liquidate their position for five years (5% redemption per quarter X 4 quarters per year = 20% redemption per year X 5 years = 100% redemption). Most funds are able to meet their full quarterly redemption/sales requests in full, but liquidity throttling is still a risk each quarter.

**Model Risk.** Financial and economic data series are subject to regime shifts, meaning past information may lack value under future market conditions. Models are based upon assumptions that may prove invalid or incorrect under many market environments. We may use certain model outputs to help identify market opportunities and/or to make certain asset allocation decisions. There is no guarantee any model will work under all market conditions. For this reason, we include model related results as part of our investment decision process, but we often weigh professional judgment more heavily in making trades or asset allocations.

**Information Security Risk.** We may be susceptible to risks to the confidentiality and security of its operations and proprietary and customer information. Information risks, including theft or corruption of electronically stored data, denial of service attacks on our website or websites of our third-party service providers, and the unauthorized release of confidential information are a few of the more common risks faced by us and other investment advisers. Data security breaches of our electronic data infrastructure could have the effect of disrupting our operations and compromising our customers' confidential and personally identifiable information. Such breaches could result in an inability of us to conduct business, potential losses, including identity theft and theft of investment funds from customers, and other adverse consequences to customers. We have taken and will continue to take steps to detect and limit the risks associated with these threats.

**Inflation, Currency, and Interest Rate Risks.** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by AMG may be affected by the risk that currency devaluations

affect Client purchasing power.

### Legislative Risk

Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest in certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for options, swaps, master limited partnerships, Real Estate Investment Trust, Exchange Traded Products/Funds/Securities.

### Tax Risks

Tax laws and regulations applicable to an account with AMG may be subject to change and unanticipated tax liabilities may be incurred by an investor as a result of such changes. In addition, customers may experience adverse tax consequences from the early assignment of options purchased for a customer's account. Customers should consult their own tax advisors and counsel to determine the potential tax-related consequences of investing.

## **Item 9 Disciplinary Information**

There are no legal or disciplinary events to disclose for the advisory firm or any management person of the advisory firm.

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

Neither the advisory firm nor any of its management persons are registered or have an application pending to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, commodity trading advisor, nor is there any association with any of these mentioned type of entities.

AMG does not recommend or select other investment advisers for its clients. AMG has executed a sub-advisory agreement with a Registered Investment Adviser to provide investment management services to its clients for an asset under management fee as detailed in the agreement. AMG will not, without the prior approval of the other adviser, affect any transactions that violate the investment policies of the other adviser's clients. The other adviser is not a related party to our firm.

AMG offers Personal Tax Services (tax preparation and tax planning) and Business Services (bookkeeping, accounting, payroll and consulting). AMG has a financial interest to recommend client's use AMG's services. This is a conflict of interest. Clients are not obligated to use AMG's services.

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

AMG's Code of Ethics establishes standards that each supervisory employee must adhere to. These

standards are established to protect the client of the advisory firm from harm as a result of behavior or activities of its supervised employees.

The advisory firm, nor any of its supervised employees, recommend to clients they buy or sell securities in which any employee or related person has a material financial interest. For example, as a regular practice the advisory firm and its employees do not purchase securities from, or sell securities to, its clients. Furthermore, employees or related persons of AMG do not act as general partners in a partnership in which we solicit client investments.

Employees of AMG and their immediate families may buy and sell shares of the same mutual funds or other securities in which a client may have a financial interest. Employees may not buy or sell securities (other than mutual fund shares) which are held or are being considered for purchase or sale for a client unless (i) such trade has been approved by the designated supervisory person and (ii) the approved trade is executed within three trading days after approval is received. Employees are required to maintain records of all securities transactions for their own or affiliated accounts, including the name and amount of securities involved, transaction date, and transaction price and name of the broker-dealer affecting the trade. To ensure the policy is upheld, all employee and related party transactions need to be approved by at least two members of the investment advisory committee.

**Advisors Management Group, Inc.**  
*Code of Ethics*

1. No access person (supervised persons that have access to nonpublic information regarding recommendations to clients on the purchase or sale of securities, clients' trading information, or are involved in providing investment advice to clients) should be selling a position in any of their own accounts unless all client positions are first adjusted.
2. All transactions by employees must be approved by the investment committee before they are executed by authorized advisors.
3. No Investment Advisor Representative may execute for a client any trade based on insider information.
4. No access person may act on any decision by the committee before such a decision has been implemented for the clients' accounts.
5. All transactions in employee accounts are reviewed each quarter.
6. No employee shall buy or sell any security position to or from a client account.
7. Any client disclosure of insider information should be brought to the attention of the supervisor immediately.
8. All trades are checked daily by two Investment Advisor Representatives prior to submission.
9. Trading costs shall be kept to a minimum given the circumstances.
10. Compliance with federal securities laws is required at all times by all employees.

11. Pre-approval by the CCO is required for the participation of any employee in any IPO or private placement.
12. Violations of any code of ethics adopted by the Adviser or any securities laws must be reported to the CCO. The Adviser will foster a firm culture that will encourage internal reporting and protect employees who report violations from retaliation.
13. The Adviser will provide a copy of the code of ethics and any amendments to all employees and will obtain written acknowledgement of receipt from each employee.
14. Records shall be kept by the CCO of any violations of the code of ethics and any actions taken in response to these violations, a listing of all access persons, as well as record of approved actions of access person's participation in any IPO's or private placements.
15. Representatives and employees of the Firm, and members of their immediate family, are not permitted to open any securities account with a broker-dealer or with any financial institution unless approved in advance by the Firm's Designated Supervisor. As transactions are affected, a copy of each confirmation shall be submitted to and reviewed by the Compliance Committee. These accounts, transactions and positions are reported monthly, quarterly and annually by account statements to the Compliance Committee.

## **Item 12 Brokerage Practices**

AMG recommends that the client open one or more segregated brokerage accounts with discounted brokerage fees, no transaction fees, no load mutual fund programs, or discount brokerage firms. These firms typically include, but are not limited to, Charles Schwab & Co., Inc. In the case of employee benefit plans, we typically recommend the use of discount brokerage firms offering no load and no transaction fee mutual funds or no-load mutual funds directly if available. These firms typically include, but are not limited to, T. Rowe Price, Fidelity, Vanguard, and any other no load mutual funds made available through the plan sponsors. If the client does not have a choice in custodian through an employee benefit plan, we will manage the account to the best of our ability within the given holdings offered through the custodian and plan administrator. The universe of available investments may cause performance to vary slightly.

AMG recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc ("Schwab"), a FINRA-registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although AMG may recommend/require the clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. AMG is independently owned and operated and not affiliated with Schwab.

Schwab provides AMG with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained at Schwab Institutional. These services are not contingent upon AMG committing to Schwab any specific amount of business (assets in custody or

trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require significantly higher minimum initial investment.

For AMG's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Institutional also makes available to AMG other products and services that benefit AMG but may not directly benefit clients' accounts. Many of these products and services may be used to service all or some substantial number of AMG' accounts, including accounts not maintained Schwab.

Schwab's products and services that assist AMG in managing and administering clients' accounts include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of AMG's fees from some of its accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help AMG manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to AMG. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of AMG personnel. While as a fiduciary, AMG endeavors to act in its clients' best interests, AMG's recommendation that clients maintain their assets in accounts at Schwab may take into account availability of some of the foregoing products and services and other arrangements not solely on the nature of cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest. AMG believes that its recommendation of Schwab is appropriate based on the services that it provides and the fees that it charges.

### **The Custodian and Brokers We Use**

AMG does not maintain custody of your assets that we manage (although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (*see Item 15 Custody, below*)). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use a discount brokerage firm as the qualified custodian. We are independently owned and operated and not affiliated with any discount brokerage firms. Discount brokerage firms will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use a discount brokerage firm as custodian/broker, you will decide whether to do so and open your account with a discount brokerage firm by entering into an account agreement directly with them. We do not open the account for you.

### **How We Select Brokers/Custodians**

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear and settle trades (buy and sell securities for your account);
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.);
- availability of investment research and tools that assist us in making investment decisions;
- quality of services;
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider; and
- their prior service to us and our other clients.

### **Your Custody and Brokerage Costs**

Discount brokerage firms generally do not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your discount brokerage firm account.

### **Brokerage for Client Referrals**

AMG does not receive referrals from any brokerage firm in exchange for the execution of its clients' transactions at that brokerage firm. AMG has no incentive to suggest client assets be custodied at any one brokerage firm or another.

### **Directed Brokerage**

AMG generally does not manage accounts where trades are directed by clients, with the exception of periodic individual holdings a client wishes to hold. Because of this change in the allocations designed by AMG the risk and return parameters may differ from the original expectations.

### **Aggregated Trades**

AMG may aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account will receive the average share price for all transactions in a particular security affected to fill such orders on a given business day. Transaction costs will generally be shared pro rata based upon each account's participation in the transaction. Specific allocations may be chosen based upon an account's existing positions in securities, the cash availability of one or more particular accounts, a partial fill of the aggregated trade, tax reasons, or the required minimum trade lot sizes for foreign securities.

If it is not possible to aggregate a trade, a client may receive a different price on a security transaction and may not be able to purchase or sell the same quantity of a security. In addition, clients that elect the services of broker/dealers other than those recommended may not be able to participate in aggregate trading practices.

### **Trade Errors**

In the event of trading errors caused by AMG employees, it is AMG's policy to make its clients whole, communicate errors to its clients, and to document errors in its trade error file. Gains arising out of errors will be retained in client accounts while losses will be reimbursed by AMG to the client. Losses to non-qualified accounts are reimbursed immediately upon discovery via a transfer from AMG's account to the client, while losses to qualified accounts are reimbursed through an offset of management fees at the next due date for payment of such fees.

## **Item 13 Review of Accounts**

Individual investments owned in client accounts are monitored daily. In addition, general economic, political, and market trends are analyzed daily. Separate account reviews are made on a regular basis with respect to asset allocation, risk maintenance, and overall performance. Roger D. Deets, Chief Executive Officer, Julie L. Deets, Chief Financial Officer, Jennifer N. Deets, Chief Compliance Officer, Warren A. Deets, Chief Operating Officer, Nathan M. Deets, Investment Advisor Representative, Ashley J. Vega, Investment Advisor Representative, Shay V. Benedict, Investment Advisor Representative, Rebecca L. Agamaite, Investment Advisor Representative, Nick Letter, Investment Advisor Representative, Maxwell Harcey, Investment Advisor Representative, Luke Spink, Investment Advisor Representative and Kate Pederson, Investment Advisor Representative, review all client accounts under management. For discretionary accounts, the same persons will review all investment recommendations prior to execution. Our initial investment recommendations are reviewed with the client before they are implemented.

AMG provides quarterly reports to its clients which disclose (i) the investments owned, cost, current market value, realized capital gains/losses, unrealized capital gains/losses, interest income, dividend income, and net return after fees; (ii) purchase and sale transactions; and (iii) performance history by asset class. Clients are contacted regularly to conduct a personal portfolio review with a member of the investment advisory committee. This review consists of reporting on current risk and return parameters of the client portfolio, discussion on current economic, political, and market conditions and the effect these conditions may have on the expected volatility/risk and return of the client's portfolio. At this time, risk tolerance and return expectations are also re-visited to ensure the portfolios are being designed and managed in a manner consistent with these expectations.

Financial plans are periodically updated and monitored based on the client's individual situation. Updated financial plans are completed in the case of a major life change for the client, such as retirement or loss of employment. Financial plans presented to a client or prospective client are reviewed by at least two members of the investment advisory committee.

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

No individual or entity outside of AMG or its employees provide an economic benefit (e.g. awards or prizes) to the firm or any employee for providing investment advice or other advisory services to our clients.

AMG, its employees, or its related parties, do not compensate any person who is not a supervised employee for client referrals.



See Item 10 for information regarding Other Compensation regarding sub-advisory services.

## **Item 15 Custody**

AMG does not at any time have custody of client assets. Brokerage statements from the respective broker will be sent directly to the client account holder. In addition to statements sent directly from the broker-dealer, AMG will also provide reports. AMG reconciles its reports with that of the brokerage accounts prior to furnishing any client with their reports to ensure accuracy of information being reported by AMG.

## **Item 16 Investment Discretion**

AMG does retain discretionary authority over many of the accounts under management. In a discretionary relationship, the client authorizes AMG to decide which investments to trade – and in which amounts – without obtaining specific client consent for each purchase or sale. For clients with discretionary accounts, AMG will decide which securities and the amount of securities to buy or sell. In making these purchase and sale decisions, AMG follows the general guidelines established by the client as initially outlined in the investment advisory agreement or as otherwise agreed upon in writing (e.g., restricting the type of securities purchased). This authority is given through a Limited Power Of Attorney, authorizing AMG to make trades on behalf of the client. Distribution or withdrawal authorities are not given to AMG or its employees at any time through this Limited Power of Attorney. In limited circumstances, when applicable, AMG is authorized to exercise first party money movement in a client's account.

## **Item 17 Voting Client Securities**

AMG will not have authority to vote client securities. Clients will receive proxies and other solicitations from securities held directly from their custodian. Clients can contact us with questions about these solicitations if needed.

## **Item 18 Financial Information**

There are no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to our clients.