

**Advocacy Wealth Management, LLC**  
**DISCLOSURE BROCHURE, Form ADV 2A**



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This Brochure provides information about the qualifications and business practices of Advocacy Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (678)203-0306. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Advocacy Wealth Management, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

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

## Item 2 – Material Changes

The following changes have occurred since our annual Brochure dated March 28, 2023:

- As of December 31, 2023, Advocacy managed \$1,723,821,312 in client assets.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. You can contact us at the number above or by emailing us at [compliance@advocacywealth.com](mailto:compliance@advocacywealth.com) to request a copy of the Brochure. Our brochure is always available at the SEC's website <https://adviserinfo.sec.gov/> by searching for "Advocacy Wealth" at zip 30339.

Additional information about Advocacy Wealth is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site provides information about any persons affiliated with Advocacy Wealth who are registered, or are required to be registered, as Investment Advisor Representatives of Advocacy Wealth.

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#### **Item 4 – Advisory Business**

Advocacy Wealth Management, LLC (“Advocacy Wealth”) was established and approved as a Registered Investment Adviser with the SEC in January 2007. Forge Consulting, LLC (“Forge”) is the sole owner of Advocacy Wealth.

Advocacy Wealth will strive at all times to do no harm to you the client and act in your best interests at all times and without exception. (Hereafter, “you” and “your” refer to the individual client or client. “We” and “our” refer to Advocacy Wealth.)

#### **Portfolio Management**

Advocacy Wealth offers investment advisory services to corporations, individuals, trusts, charities and estates. Advice and services are tailored to your stated objectives. Advocacy Wealth Investment Adviser Representatives (our “Financial Advisors”) work with you to identify your investment goals and objectives, as well as risk tolerance, to create an initial portfolio allocation designed to complement your financial plan. The portfolio could consist of equities, income securities, mutual funds, options, and alternative investments. Generally, we create a limited financial plan at the least in connection with the initial portfolio allocation for an individual. In certain circumstances, we do accept restrictions on ownership or retention of certain securities by the clients themselves. We strongly advise individual clients that should your financial situation or investment goals or objectives change, you must notify Advocacy Wealth promptly of those changes.

Advocacy Wealth manages the investments of trusts, which can be, though are not limited to, grantor, settlement, or testamentary in origin, on either a directed or a delegated basis. In a delegated relationship, Advocacy Wealth receives instructions from the trustee(s) for investment parameters and authority. In a directed relationship, Advocacy Wealth has full investment discretion and authority granted to it by the terms of the trust agreement. In general, trusts under management by Advocacy Wealth tend to seek asset conservation as a primary objective, income from the invested assets as a secondary objective, and growth as a tertiary objective. Until recently, persistent low levels of interest rates had required achieving secondary and tertiary objectives through total return.

At the present time, the majority of Advocacy Wealth clients are recipients of a personal injury, wrongful death, or workers compensation settlements as well as their plaintiff attorneys. Many of these accounts have an annuity component and a cash component to them. Advocacy Wealth manages the cash component, as well as the overall financial well-being – to the extent possible – of the individual client. Advocacy Wealth works with its owner, the general insurance agency, Forge Consulting, LLC, to design a financial plan to promote financial well-being, including our clients who are not sourced from litigation. We define financial well-being as using our resources and advice to help a client find solutions for health, education, maintenance and support. Advocacy Wealth continues to monitor, modify and adjust as life situations, investment opportunities, and objectives change.

While the investments are being managed, the Advocacy Wealth service staff, affiliates, and outside partners help clients buy houses and vehicles, medical equipment, find affordable insurance and other items necessary to support the client’s well-being as part of an overall financial plan. Advocacy Wealth provides resources to help preserve governmental benefits. Advocacy Wealth does not charge an extra fee for any of these services.

#### **Financial Planning**

Advocacy Wealth will prepare and provide clients, upon request, a written financial plan designed to help them achieve their financial goals and investment objectives. The preparation of such a plan necessitates that the client provides Advocacy Wealth with personal data such as family records, budgeting, personal liability, estate information and additional financial goals. There is no additional charge to the client for the preparation of the financial plan if Advocacy Wealth is paid to manage the client's investments.

The financial plan can include any or all of the following upon request and/or as directed by the client: asset protection, tax planning, cash flow, insurance planning, asset allocation comparisons and risk management, long-term care and disability planning, education planning, retirement planning, estate planning and wealth transfer, charitable gifting, 401k plan evaluation, business succession and strategies for exercising stock options.

Should a client choose to implement the recommendations contained in the financial plan, Advocacy Wealth strongly recommends that clients work closely with their attorney, accountant, insurance agent, and/or other financial advisors. Clients are not under any obligation to engage Advocacy Wealth when considering implementation of advisory recommendations. The client decides whether to implement any or all recommendations, which is solely at the discretion of and can be implemented through another Registered Investment Adviser. Advocacy Wealth Financial Advisor can also be licensed to sell life, health and group insurance as well as property and casualty through an affiliated insurance agency, Forge Consulting LLC. Clients are under no obligation to utilize services of associated persons in the purchase or sales of insurance products. However, if transactions are conducted through Advocacy Wealth's affiliate, Forge Consulting LLC, then commissions and/or overrides will be earned by Forge in addition to any advisory fees charged by Advocacy Wealth. If a Trust is administered by Advocacy Trust, our affiliated Trust company will earn fees for that administration, whether Advocacy Wealth manages the investments or not.

Advocacy Trust may invest available cash awaiting investment or distribution held in certain trust accounts in FDIC insured money market bank accounts. These accounts are selected by Advocacy Trust. In exchange for providing master account services to the depository institution for balances held in FDIC insured money market bank accounts, Advocacy Trust receives an interest concession from the depository institution. This interest concession is forty percent (40%) of the total interest payment, but at no time will the amount received by Advocacy Trust exceed fifty one-hundredths of one percent (0.50 of 1% = 0.005) per annum of the net assets invested.

From time to time, clients will ask Advocacy Wealth to design or review a financial plan for which neither Advocacy Wealth nor its affiliates will otherwise receive compensation. In such cases, Advocacy Wealth reserves the right to charge a fee commensurate with the work to be done with the approval of the client before work commences.

On December 15, 2020 the Department of Labor ("DOL") issued its final interpretation of fiduciary under ERISA and the Internal Revenue Code as well a new class exemption, Prohibited Transaction Exemption ("PTE") 2020-02. To receive compensation that might otherwise be considered a prohibited transaction, PTE 2020-02, which became effective February 16, 2021 and enforceable January 31, 2022, requires fiduciaries to comply with the following impartial conduct standards:

1. The fiduciary must provide advice in the "Best Interest" of the Retirement Investor
2. The fiduciary must charge "reasonable" compensation for the services provided

3. The fiduciary must make only “not misleading” statements about investment transactions, compensation, and conflicts of interest.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule’s provisions (PTE 2020-02), we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

As of December 31, 2023, Advocacy Wealth held \$1,706,997,924 in discretionary assets and \$16,823,388 in non-discretionary assets under management.

## **Standard of Care**

Advocacy Wealth affirms its fiduciary duty to serve its clients’ best interests before its own.

Advocacy Wealth assents that the investment adviser’s fiduciary duty under the Investment Advisers Act of 1940 (“Advisers Act”) comprises a duty of care and a duty of loyalty. This fiduciary duty means the adviser must, at all times, serve the best interest of its clients and not subordinate its clients’ interest to its own. The federal fiduciary duty is imposed through the antifraud provisions of the Advisers Act. The duty follows the contours of the relationship between the adviser and its client, and the adviser and its client may shape that relationship through contract when the client receives full and fair disclosure and provides informed consent. Although the ability to tailor the terms means that the application of the fiduciary duty will vary with the terms of the relationship, the relationship in all cases remains that of a fiduciary to a client. In other words, the investment adviser cannot disclose or negotiate away, and the investor cannot waive, the federal fiduciary duty.

### **A. Duty of Care**

As fiduciaries, investment advisers owe their clients a duty of care. The duty of care includes, among other things:

- (1) the duty to act and to provide advice that is in the best interest of the client,
- (2) the duty to seek best execution of a client’s transactions where the adviser has the responsibility to select broker-dealers to execute client trades, and
- (3) the duty to provide advice and monitoring over the course of the relationship.

### **i. Duty to Provide Advice that is in the Client’s Best Interest**

In this context, the duty of care includes a duty to make a reasonable inquiry into a client's financial situation, level of financial sophistication, investment experience, and investment objectives (collectively, the client's "investment profile") and a duty to provide personalized advice that is suitable for and in the best interest of the client based on the client's investment profile.

An adviser must, before providing any personalized investment advice and as appropriate thereafter, make a reasonable inquiry into the client's investment profile. The nature and extent of the inquiry turn on what is reasonable under the circumstances, including the nature and extent of the agreed-upon advisory services, the nature and complexity of the anticipated investment advice, and the investment profile of the client. For example, to formulate a comprehensive financial plan for a client, an adviser might obtain a range of personal and financial information about the client, including current income, investments, assets and debts, marital status, insurance policies, and financial goals.

An adviser must update a client's investment profile in order to adjust its advice to reflect any changed circumstances. The frequency with which the adviser must update the information in order to consider changes to any advice the adviser provides would turn on many factors, including whether the adviser is aware of events that have occurred that could render inaccurate or incomplete the investment profile on which it currently bases its advice. For example, a change in the relevant tax law or knowledge that the client has retired or experienced a change in marital status might trigger an obligation to make a new inquiry.

An investment adviser must also have a reasonable belief that the personalized advice is suitable for and in the best interest of the client based on the client's investment profile. A reasonable belief would involve considering, for example, whether investments are recommended only to those clients who can and are willing to tolerate the risks of those investments and for whom the potential benefits may justify the risks. Whether the advice is in a client's best interest must be evaluated in the context of the portfolio that the adviser manages for the client and the client's investment profile. For example, when an adviser is advising a client with a conservative investment objective, investing in certain derivatives may be in the client's best interest when they are used to hedge interest rate risk in the client's portfolio, whereas investing in certain directionally speculative derivatives on their own may not. For that same client, investing in a particular security on margin may not be in the client's best interest, even if investing in that same security may be in the client's best interest. When advising a financially sophisticated investor with a high-risk tolerance, however, it may be consistent with the adviser's duties to recommend investing in such directionally speculative derivatives or investing in securities on margin.

The cost (including fees and compensation) associated with investment advice would generally be one of many important factors—such as the investment product's or strategy's investment objectives, characteristics (including any special or unusual features), liquidity, risks and potential benefits, volatility and likely performance in a variety of market and economic conditions—to consider when determining whether a security or investment strategy involving a security or securities is in the best interest of the client. Accordingly, the fiduciary duty does not necessarily require an adviser to recommend the lowest cost investment product or strategy. Advocacy Wealth will not recommend that a security is in the best interest of a client if it is higher cost than a security that is otherwise identical, including any special or unusual features, liquidity, risks and potential benefits, volatility and likely performance. For example, if an adviser advises its clients to invest in a mutual fund share class that is more expensive than other available options when the adviser is receiving compensation that creates a potential conflict and that may reduce the client's return, the adviser may violate its fiduciary duty and the antifraud provisions of

the Advisers Act if it does not, at a minimum, provide full and fair disclosure of the conflict and its impact on the client and obtain informed client consent to the conflict.

Furthermore, an adviser would not satisfy its fiduciary duty to provide advice that is in the client's best interest by simply advising its client to invest in the least expensive or least remunerative investment product or strategy without any further analysis of other factors in the context of the portfolio that the adviser manages for the client and the client's investment profile. For example, it might be consistent with an adviser's fiduciary duty to advise a client with a high risk tolerance and significant investment experience to invest in a private equity fund with relatively high fees if other factors about the fund, such as its diversification and potential performance benefits, cause it to be in the client's best interest.

Investment advice that is in the best interest of a client also requires that an adviser conduct a reasonable investigation into the investment sufficient to not base its advice on materially inaccurate or incomplete information. This obligation to provide advice that is suitable and in the best interest applies not just to potential investments, but to all advice the investment adviser provides to clients, including advice about an investment strategy or engaging a sub-adviser and advice about whether to rollover a retirement account so that the investment adviser manages that account.

#### **ii. Duty to Seek Best Execution**

An investment adviser's duty of care in the context of trade execution where the adviser has the responsibility to select broker-dealers to execute client trades (typically in the case of discretionary accounts) has to seek best execution of a client's transactions. In meeting this obligation, an adviser must seek to obtain the execution of transactions for each of its clients such that the client's total cost or proceeds in each transaction are the most favorable under the circumstances. An adviser fulfills this duty by executing securities transactions on behalf of a client with the goal of maximizing value for the client under the particular circumstances occurring at the time of the transaction. As noted below, maximizing value can encompass more than just minimizing cost. When seeking best execution, an adviser should consider "the full range and quality of a broker's services in placing brokerage including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness" to the adviser. In other words, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution. Further, an investment adviser should "periodically and systematically" evaluate the execution it is receiving for clients.

#### **iii. Duty to Act and to Provide Advice and Monitoring over the Course of the Relationship**

An investment adviser's duty of care also encompasses the duty to provide advice and monitoring over the course of a relationship with a client. An adviser is required to provide advice and services to a client over the course of the relationship at a frequency that is both in the best interest of the client and consistent with the scope of advisory services agreed upon between the investment adviser and the client. The duty to provide advice and monitoring is particularly important for an adviser that has an ongoing relationship with a client (for example, a relationship where the adviser is compensated with a periodic asset-based fee or an adviser with discretionary authority over client assets). Conversely, the steps needed to fulfill this duty may be relatively circumscribed for the adviser and client that have agreed to a relationship of limited duration via contract (for example, a financial planning relationship where the adviser is compensated with a fixed, one-time fee commensurate with the discrete, limited-duration nature of the advice provided). An adviser's duty to monitor extends to all personalized advice it provides



the client, including an evaluation of whether a client's account or program type continues to be in the client's best interest.

## **B. Duty of Loyalty**

The duty of loyalty requires an investment adviser to put its client's interests first. An investment adviser must not favor its own interests over those of a client or unfairly favor one client over another. In seeking to meet its duty of loyalty, an adviser must make full and fair disclosure to its clients of all material facts relating to the advisory relationship. In addition, an adviser must seek to avoid conflicts of interest with its clients, and, at a minimum, make full and fair disclosure of all material conflicts of interest that could affect the advisory relationship. The disclosure should be sufficiently specific so that a client is able to decide whether to provide informed consent to the conflict of interest.

Because an adviser must serve the best interests of its clients, it has an obligation not to subordinate its clients' interests to its own. For example, an adviser cannot favor its own interests over those of a client, whether by favoring its own accounts or by favoring certain client accounts that pay higher fee rates to the adviser over other client accounts. Accordingly, the duty of loyalty includes a duty not to treat some clients favorably at the expense of other clients. When allocating investment opportunities among eligible clients, an adviser must treat all clients fairly. This does not mean that an adviser must have a pro rata allocation policy, that the adviser's allocation policies cannot reflect the differences in clients' objectives or investment profiles, or that the adviser cannot exercise judgment in allocating investment opportunities among eligible clients. Rather, it means that an adviser's allocation policies must be fair and, if they present a conflict, the adviser must fully and fairly disclose the conflict such that a client can provide informed consent.

An adviser must seek to avoid conflicts of interest with its clients, and, at a minimum, make full and fair disclosure to its clients of all material conflicts of interest that could affect the advisory relationship. Disclosure of a conflict alone is not always sufficient to satisfy the adviser's duty of loyalty and section 206 of the Advisers Act. Any disclosure must be clear and detailed enough for a client to make a reasonably informed decision to consent to such conflicts and practices or reject them. An adviser must provide the client with sufficiently specific facts so that the client is able to understand the adviser's conflicts of interest and business practices well enough to make an informed decision.

For example, an adviser disclosing that it "may" have a conflict is not adequate disclosure when the conflict actually exists. A client's informed consent can be either explicit or, depending on the facts and circumstances, implicit. It would not be consistent with an adviser's fiduciary duty to infer or accept client consent to a conflict where either (i) the facts and circumstances indicate that the client did not understand the nature and import of the conflict, or (ii) the material facts concerning the conflict could not be fully and fairly disclosed. For example, in some cases, conflicts may be of a nature and extent that it would be difficult to provide disclosure that adequately conveys the material facts or the nature, magnitude and potential effect of the conflict necessary to obtain informed consent and satisfy an adviser's fiduciary duty. In other cases, disclosure may not be specific enough for clients to understand whether and how the conflict will affect the advice they receive.

With some complex or extensive conflicts, it may be difficult to provide disclosure that is sufficiently specific, but also understandable, to the adviser's clients. In all of these cases where full and fair disclosure and informed consent is insufficient, an adviser must eliminate the conflict or adequately mitigate the conflict so that it can be more readily disclosed. Full and fair disclosure of all material facts that could

affect an advisory relationship, including all material conflicts of interest between the adviser and the client, can help clients and prospective clients in evaluating and selecting investment advisers. Form CRS provides a brief relationship summary designed to help retail investors make informed choices regarding what type of relationship—brokerage, investment advisory, or a combination of both—best suits a retail investor’s particular circumstances and investment objectives. The relationship summary is intended to promote transparency, comparability and better-informed decision-making, through clear, concise disclosures, and by summarizing in one place selected information about a particular firm. This format is designed to allow retail investors to more easily compare different firms’ services, fees, conflicts of interest, disciplinary history and other important information. In addition, Advisers must deliver another document to their clients, known as the “brochure,” under Part 2A of Form ADV, which sets out minimum disclosure requirements, including disclosure of certain conflicts. Investment advisers are required to deliver the brochure to a prospective client at or before entering into a contract so that the prospective client can use the information contained in the brochure to decide whether or not to enter into the advisory relationship. An offer of an updated brochure must be made to each client annually.

## **Item 5 – Fees and Compensation**

### **Portfolio Management Fee Information**

Management fees are payable in arrears on a monthly basis, commencing when both the client investment management agreement is signed and the assets are deposited in the client’s account, unless otherwise stipulated. Deposits and withdrawals made during the month will be billed for the time that the funds were under management. Advocacy Wealth has the right to change any or all of its fee schedules with 30 days written notice. Advocacy Wealth is not compensated on the basis of a share of capital gains or capital appreciation in a client’s account.

The annual standard fee schedule for these services is:

#### **Investment Adviser Annual Fee**

<b>Client Fee</b>	<b>Assets Under Management</b>
<b>1.5%</b>	<b>Charged up to \$500,000</b>
<b>1.0%</b>	<b>Charged from \$500,000 to \$3,000,000</b>
	<b>Negotiable above \$3,000,000</b>

**Example: \$2.75 million under management would pay an annual fee of 1.5% on the first \$500,000 and 1% on \$2,250,000.**

The firm can charge a maximum fee up to 2% under certain circumstances. All fees are subject to negotiation depending on a number of factors including, but not limited to, size, scope and complexity of the account. The fee amount charged will be disclosed in the advisory agreement.

As authorized in the Client Agreement, Advocacy Wealth instructs the account custodian to withdraw advisory fees directly from the clients’ accounts according to the custodian’s policies, practices, and procedures and pass through to Advocacy Wealth. The custodian sends the client a statement monthly indicating the amount disbursed from the account including the amount of advisory fees paid to Advocacy Wealth. The custodian of the account, not Advocacy Wealth, holds all customer assets. If requested, clients will be billed directly for advisory services. In this case, the client will receive an invoice indicating the amount of the fee, the value of the client’s assets on which the fee was based and the specific manner in which the fee was calculated. Clients should verify the accuracy of the computation; the custodian will not do an independent verification of the accuracy of the computation of fees. It is in the client’s best

interest to review their invoice and the account statement and alert Advocacy Wealth immediately if there are any discrepancies.

Clients can purchase shares of mutual funds directly from the mutual fund issuer, its principal underwriter or a distributor without purchasing the services of Advocacy Wealth or paying the advisory fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge (as described in the mutual fund prospectus) can be more or less than the applicable advisory fee. Advocacy Wealth currently only invests client funds in institutional class or other class shares which do not further compensate Advocacy Wealth or its representatives. From time to time, clients may transfer in kind share classes that are not restricted to institutional class. Advocacy Wealth may continue to hold those non-institutional class shares to manage tax liability to the client or for other reasons. It is worth noting that, however, clients who act on their own would not receive the Financial Advisor's assistance in developing an investment strategy, selecting securities, monitoring performance of the account, and making changes to the investment portfolio, as necessary.

Margin loan balances are deducted from the account value when calculating fees. The minimum annual fee is \$1,000. Accordingly, a client could pay an effective rate greater than the rate specified in the fee schedule shown above. Advocacy Wealth, in its sole discretion, can waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., size of account(s) already managed, historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, account composition, negotiations with clients, employee discount, etc.).

Fidelity Institutional Wealth Services, LLC ("Fidelity"), as well as others who have custody, charge brokerage transaction-based fees or "ticket charges" that vary by security and type of transaction and are passed through to the client. Some mutual funds are part of a "No Transaction Fee" program. Advocacy Wealth uses these funds, when those "No Transaction Fee" funds make sense in the client's portfolio. Some mutual funds within this program pay 12b-1 service fees (normally 0.25% per year) to Fidelity. Advocacy Wealth does not receive any 12b-1 fees.

Transaction fees charged can be higher than those otherwise available if the services were provided separately for a discrete fee or if an Investment Adviser were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. Fees charged by Advocacy Wealth for advisory services cover the salaries and additional, non-commission-based compensation paid to Advocacy Wealth Investment Adviser Representatives and other members of the staff. Costs and transaction fees arising out of transactions effected by entities other than Advocacy Wealth or attributable to dealer mark-ups, mark-downs or "spreads" (in transactions where another entity acts as principal for its own account) will be separately borne by clients. All fees described herein are subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested.

Advocacy Wealth provides financial planning, asset allocation advice, investment advice, tax planning and investment management. Our clients have access to a full range of life insurance products, including annuities, and trust services through our affiliates. Advocacy Wealth is affiliated through common

ownership with Forge Consulting, LLC, a national general insurance agency, and Advocacy Trust LLC, a State of Tennessee chartered trust company, with trust powers in 42 States.

Advocacy Trust, LLC charges you a fee based on assets under its administration and passes through other expenses incurred as allowed by the individual trust agreement, such as fees for tax preparation and legal expenses associated with complying with Medicaid and Medicare rules. Assets under administration include anything owned by your trust, but does not include the value of an annuity owned by the trust. Advocacy Trust, LLC deducts its fees and Advocacy Wealth's fees from the client's account monthly, in arrears.

A detailed schedule of fees and standard charges passed through to the client is available on our website ([www.advocacywealth.com/FeeSchedules](http://www.advocacywealth.com/FeeSchedules)) and are attached to the client agreement. The commission payments paid by the insurer is provided to you at the time of application if the policy is to be purchased by your qualified retirement account.

Insurance commissions as well as investment management and trust administration fees and commissions collected by the affiliated companies -- Forge Consulting, LLC, Advocacy Wealth, Advocacy Trust, LLC, and Forge Capital -- aggregate at the company level, and are not paid directly to individual employees. During 2023, the Property and Casualty agents transitioned to commission compensation. All employees of Advocacy Wealth have the following compensation structure, comprised of four components:

1. The two members of Forge draw on projected profitability; everyone else is salaried;
2. A bonus based on the profitability of the organization as a whole; and
3. A bonus based on the individual's contribution to the organization as a whole;
4. 401K contributions matched by Forge, and healthcare premium subsidies provided by Forge.

Certain associated person or persons not employed by Advocacy Wealth but by an affiliate receive a base draw and variable compensation based solely on aggregate assets gathered into the Forge Companies, regardless of which product is placed.

In addition, certain members of management based on tenure, performance and/or job responsibilities are awarded deferred compensation units in Forge Consulting, LLC that have value at the time of sale of the company but have no current compensation value. These awards are not available to all employees.

Advocacy Wealth established a pilot program to use independent contractors as our agents to provide service at the local level to individual clients in certain geographies. These independent contractors do not deliver investment advice, though they are licensed to do so. Rather they function to assist the client with local needs or concerns, as well as to help educate the client about planning and investments generally. The contractors are paid a stipend for successful retention of the clients assigned to them.

We structured compensation to remove sensitivity to how much revenue one product provides us versus another. We emphasize planning and service over sales. Those two elements encourage us to focus on your best interests -- not our own.

#### **Account Termination**

You can terminate your Client Agreement for financial services with Advocacy Wealth without penalty within five business days after entering into the contract. You will be liable for any market losses which

occur during the period of account liquidation or transfer. Thereafter, this Agreement may be terminated at any time by either party giving to the other at least thirty (30) days prior written notice of such termination. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract.

Upon written receipt of notice to terminate the Client Agreement and unless specific transfer instructions are received, Advocacy Wealth and its agent(s) will, in an orderly and efficient manner, proceed with liquidation of the client's account. There will not be a charge by us for such liquidation; however, the client should be aware that normal ticket charges will apply, and some custodians charge a termination fee as outlined in your Client Agreement. Fees can be waived at management's discretion. Certain mutual funds impose redemption fees as stated in each company's fund prospectus. Termination of the contract will not affect any liabilities or obligations of the parties from transactions initiated before termination of the Agreement or a client's obligation to pay advisory fees paid in arrears (pro-rated through end of the month in which termination is effective).

Clients must keep in mind that the decision to liquidate security holdings or mutual funds can result in tax consequences that should be discussed with the client's tax advisor. Factors that can affect the orderly and efficient manner of disposition would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities markets be unavailable and trading suspended, efforts to trade will be made as soon as possible following their reopening. Due to the administrative processing time needed to terminate the client's investment advisory service and communicate the instructions to client's Investment Adviser, termination orders received from clients are not market orders; it can take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. Advocacy Wealth and its agent(s) are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

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

Advocacy Wealth does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Fund managers that Advocacy Wealth may recommend may charge a performance-based fee, in which Advocacy Wealth does not share, which fee is disclosed in the Private Placement Memorandum of the fund.

#### **Item 7 – Types of Clients**

Advocacy Wealth offers portfolio management services to individuals, corporations and business entities, estates and trusts, other investment advisors, charitable organizations, and pension and profit sharing plans.

The minimum annual fee is \$1,000. Advocacy Wealth, in its sole discretion, can waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., size of account(s) already managed, historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, account composition, negotiations with clients, employee discount, etc.).

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

Our investment strategy begins with an understanding of a client's financial goals. Financial Advisor use demographic and financial information provided by the client to assess the client's risk profile and investment objectives in determining an appropriate plan for the client's assets. Investment strategies

ordinarily include long- or short-term trading of fixed and adjustable rate income securities, stock portfolios, and mutual funds. Margin trading and option trading are used, when appropriate.

Investment management takes place within a larger structure of financial management. We see our job as a lifelong process of enabling our clients' well-being within various cycles of living, and the challenges some of those cycles bring. At Advocacy Wealth, we do not pretend to know what is going to happen in the future. What you make—or lose—by the price of what you own going up or down is unpredictable. While price swings are unpredictable, the size of those swings is fairly predictable in large groups of similar investments called "asset classes". We call the size of those price swings "volatility." The income paid to you for use of your money in an investment is often relatively predictable too.

Advocacy Wealth balances the level of predictable income against the risks that can come along with achieving those income levels. We want you to meet your long-term cash flow, growth, and liquidity needs with an appropriate amount of risk.

To succeed, we try to understand the relationship between the risk of an investment and its potential reward. A first step in this effort examines the characteristics of asset classes.

In our view, there are five primary asset classes:

- Income,
- Equities,
- Cash and equivalents,
- Real Estate, and
- Commodities.

Income includes assets such as bonds and other securities that act like bonds. Bonds are securities representing loans. You, the lender, receive interest paid to you, usually twice a year. On a certain date in the future, that loan "matures" and you own a contract to receive the full amount that you lent back from the borrower. When the income is "Fixed" or does not vary over the life of the loan, those income payments are highly predictable. Lending at a fixed rate performs well in stable or falling secular rate cycles. In a cycle where interest rates are rising, variable adjustable rate loans perform better than fixed rate. Both Companies and Governments issue bonds. Currently, we mostly purchase pools of Fixed Income securities rather than individual bonds for most clients.

Equities are stocks, whose shares represent ownership in a company. As a company does well and the overall economy grows, stock prices tend to increase. While some stocks do offer some predictable income, stocks add growth potential through appreciation in price to your investment holdings. This growth potential also usually comes with higher volatility levels in day to day price movements than bonds. Like Income, we mostly purchase pools of stocks rather than individual stocks. Pools of investments provide better diversification in our view.

Diversification within asset classes and among asset classes can further reduce theoretical risk. Owning smaller pieces of many things prevents one single holding from sabotaging an entire portfolio.

The income from Income assets alone may not be enough by itself to meet a client's individual needs. Therefore, exposure to Equities, as well as other asset classes, may be necessary to meet a client's objectives as well as provide additional diversification.

From time to time, our Investment Committee may decide that investments in Cash, Real Estate or Commodities may be required to meet the client's needs. The Investment Committee may further decide to deploy differing investment strategies within the various asset classes.

We may recommend Alternative Managers that provide exposure to asset classes outside of traditional stock, bond and cash portfolios. Alternative investments provide for additional diversification that often comes with additional risk. When selecting an Alternative Manager, we require historical returns to correlate no more than 0.7% with either stocks or bonds. Even with additional risk within the alternative investment, adding alternatives can reduce overall portfolio risk by adding diversification that is less correlated with stocks or bonds.

Alternative investments come in many security structures. Some are 1940 Mutual Funds that can be redeemed at Net Asset Value by the fund manager for cash settling in one business day. Some are Exchange Traded Funds that can be sold on an exchange and settle for cash in 2 business days, currently. (In May 2024, all exchange traded securities will settle one day after a trade.) Other alternative investments are registered with the Securities and Exchange Commission under the 1933 Act, but can only be sold at intervals – like once a month or once a quarter – and the fund manager has options as to whether to accept the redemption request, prorate the request, or even choose to deny the request. Still others are Private Placements. Private Placements are not regulated by the Securities and Exchange Commission. Private Placements can only be offered to clients with the means and sophistication to invest in these securities. Investors must meet the criteria set forth in each investment’s offering documents (i.e. accredited investor, qualified purchaser, qualified client, minimum commitment, etc.) Private Placements are subject to additional risks that do not exist in the public equity and public debt markets. One such material risk is that Private Placements are not marketable. No secondary market exists to buy and sell shares. The General Partner who manages the investments limits the terms and conditions of all redemptions. Some Private Placements may allow redemptions as often as monthly, while others may not allow redemptions at all for the entire term of the investment.

Studies show that as much as 94% of your investment results come from the asset allocation decision—how much goes into each asset class.<sup>1</sup> Only about 4% comes from what individual holdings are within the asset class. The last 2% comes from the timing of when you decide to change the mix of individual holdings.

Generally, we focus our work on the 94% by designing a risk budget. Since neither we— nor anyone else, we believe —can consistently and accurately predict which way a price will move for any given asset class on any given day in the future, we start off by balancing risk and using that budget among the asset classes.

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<sup>1</sup> Brinson, Gary P., L. Randolph Hood, and Gilbert L. Beebower, 1986. “Determinants of Portfolio Performance.” *Financial Analysts Journal* 42(4):39-48. Brinson, Gary P., Brian D. Singer, and Gilbert L. Beebower, 1991. “Determinants of Portfolio Performance II: An Update.” *Financial Analysts Journal* 47(3):40-8. Ibbotson, Roger G., and Paul D. Kaplan, 2000. “Does Asset Allocation Policy Explain 40, 90, or 100 Percent of Performance?” *Financial Analysts Journal* 56(1):26-33. Jahnke, William W., 1997. “The Asset Allocation Hoax.” *Journal of Financial Planning* 10(1):109-13. Kritzman, Mark, and Sébastien Page, 2003. “The Hierarchy of Investment Choice.” *Journal of Portfolio Management* 29(4):11-23. Sharpe, William F., 1988. “Determining a Fund’s Effective Asset Mix.” *Investment Management Review* (November/December):59-69. Davis, Joseph H., Kinniry, Francis M. Jr., Sheay, Glenn, 2007. “The Asset Allocation Debate: Provocative Question, Enduring Realities”, Vanguard Marketing Corporation. Tokat, Y., Wicas, N. and Kinniry, F., 2006. “The Asset Allocation Debate: A Review and Reconciliation”. *Journal of Financial Planning*, 19(10):52-63.

To help measure risk, we use standard deviation to see how much a set of prices moves over time. Said another way, how much prices move over time defines volatility, and standard deviation is how we measure volatility. Higher standard deviations indicate bigger price swings.

How well cash flow can be predicted influences the amount of price movements. Income assets in the higher credit quality sector have historically tended to have less price movement than Equities when measured against broad benchmarks like the Standard & Poor's 500 Index ("S&P 500®"). The cash flows in many of the Income assets we choose are largely governed by contract and produce relatively predictable income. But in rising interest rate cycles, we will seek to preserve capital by taking on variable income adjustable rate assets.

Equities usually have lower expected income and a higher historical risk than Income assets. So why would you take on more risk from the riskier asset classes? Riskier asset classes over longer periods of time can offer growth potential in value, though perhaps not as much growth in income. That growth in value can be sold for capital gains and used to provide or purchase additional income. But that growth comes with risk—prices can, and do, move down as well as up. The higher the standard deviation is, the bigger those moves—up as well as down—tend to be.

Beyond measuring the risk of one asset class versus the other, we also look at how prices "correlate." Correlation indicates whether the prices of two things you own move in the same direction, opposite directions, or unrelated directions. Generally, prices of Equities tend to move in the opposite or an unrelated direction from Income assets – meaning when Equities increase in value, Income investments tend to stay relatively unchanged or even decrease in value, and vice versa. Therefore, adding assets that do not correlate in their price movements can reduce overall risk. But sometimes this correlation rule of thumb breaks down—like in 2022 when, according to Morningstar, 94% of investable assets declined in value.

The relationship between the riskiness of a security or an asset class may change over time as does the level of income that is produced. For those reasons, we periodically revisit our asset classes to maximize predictable income while trying to minimize overall volatility. We cannot erase the possibility of risk, so we budget for it, accepting what we believe to be a prudent amount of risk in exchange for income and growth. Investing in any asset classes involves risks that clients must be prepared to bear. Even Cash can lose value to inflation.

Many of our client's assets are held in Trust. Within a Trust, what we do to manage a client's investments depends upon the Trust document and the distributions needed and allowed from that Trust. The Trust document is a binding agreement, often driven by the courts or state statutes. Advocacy Wealth Financial Advisor work with the client's Trust Officer to manage that cash flow to cover distributions allowed under the Trust Agreement. Similarly, the Advocacy Wealth Financial Advisor will work with a client's Conservator, whose investment restrictions tend to be even more stringent.

Investment recommendations are based on an analysis of the client's individual needs and goals and are drawn from research and analysis. As stated earlier, Advocacy Wealth spends most of its resources on developing the right asset allocation balance versus risk for the client. Once that balance is determined, individual securities and ETFs and other funds of individual securities or outside managers are analyzed. Security analysis methods include the following:

- Fundamental analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors to determine if the company (or security itself) is underpriced or overpriced. Fundamental analysis does not attempt to anticipate market movements. This



presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

- Technical analysis and charting: We attempt to determine the trend of a security by studying past market data, using charts, graphs and other tools. This presents a potential risk, as the price of a security can change direction at any time and past performance is not a guarantee of future performance.
- Cyclical analysis: We attempt to identify the industry cycle of a company or sector to determine whether the company or sector is in a market introduction phase, growth phase or maturity phase. Generally projected revenues, growth potential and business risk fluctuate based on the company's cycle stage. Further, we look at economic cycles -- expansion, slowdown, recession and recovery -- to forecast how an asset might perform within that cycle. Among the risks here are misjudging which cycle may be in play, along with its duration and amplitude.

Information for this analysis is drawn from data providers, financial websites and magazines, research materials prepared by others, annual reports, corporate filings, prospectuses, company press releases and corporate ratings services either directly by Advocacy Wealth or supplied by our outsourced Chief Investment officer.

It is important to note that investing in securities involves certain risks that are borne by the investor. For any risks associated with Investment Company products (mutual funds), please refer to the prospectuses for additional details about these risks. Our investment approach keeps the risk of loss in mind. These risks include, but are not limited to:

- Interest-Rate Risk: Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions can trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power erodes at the rate of inflation.
- Reinvestment Risk: Reinvesting future proceeds from investments at potentially lower market rates of return (i.e. interest rate) define this risk, primarily applying to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than perhaps an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many investors or traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations could result in bankruptcy and/or a declining market value. This risk can affect entire sectors – for example, real estate.

- **Political Risk:** Investing internationally in countries where the rule of law is different or non-existent can risk of the entire loss of investment, or at a minimum, significant impairment to value. Upon occasion and only when suitable to the client's investment needs and risk tolerance, we may recommend investing a part of the client's assets in alternative investments, which typically are not immediately liquid. When investing in alternatives, we ensure the client has a long-term view of investments, can tolerate the risk, and has ample liquidity outside this investment.

Our process requires portfolio models and strategies to be approved by the Advocacy Wealth Investment Committee, which is currently chaired by the Chief Executive Officer. Other members of the Investment Committee may include both internal and external investment professionals. Models and strategies are reviewed and updated both at the macro level, at the individual security level and at the account level regularly by the Investment Team which is comprised of the outsourced Chief Investment Officer, representatives of the Investment Committee, one or more representatives from the Financial Advisors, and analyst(s).

The charter of the Investment Committee and its current members may be found on our website [www.advocacywealth.com](http://www.advocacywealth.com).

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

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that are material to your evaluation of Advocacy Wealth or the integrity of Advocacy Wealth's management. Advocacy Wealth has no information applicable to this item. Individual Financial Advisors may have disclosures which we do not find material. You are welcome to review those disclosures at <https://adviserinfo.sec.gov/> by submitting the name of the individual of interest or Advocacy Wealth as a whole.

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

Some Investment Adviser Representatives of Advocacy Wealth are licensed insurance agents offering insurance products through Forge Consulting, LLC, a national insurance agency. When applicable, these individuals recommend insurance products for advisory clients. All related compensation is separate from advisory services, and that compensation is described in detail in Item 5 above.

Forge Consulting LLC is sole owner of Advocacy Wealth Management LLC and the majority owner of Advocacy, Inc., a Delaware Corp., which is a trust company holding corporation. Advocacy, Inc. is the 100% owner of Advocacy Trust, LLC, a Tennessee state-chartered trust company that was approved to do business on February 18, 2015. If trust services are needed, we will refer an advisory client to the affiliated trust company if the client profile and needs warrant. If trustee services are utilized, separate fees will be incurred and Advocacy Wealth will benefit through the common control interest in Advocacy Trust, LLC.

Forge closed the purchase of two Property and Casualty agencies in 2022 which allows Advocacy Wealth to offer those services as well to clients. At the end of 2021, Forge purchased Abacus Advisors ("Abacus") which provides business services such as bookkeeping and Human Resources support to businesses, particularly though not limited to attorneys. Advocacy Wealth and Abacus have mutual clients, and Advocacy Wealth can and does refer clients to Abacus. Both the Property and Casualty and Abacus business units are organized as Forge Capital, LLC D/B/A Forge for Business, wholly owned by Forge Consulting LLC. Please see Item 12 for additional disclosures.

Because Advocacy Wealth and its licensed employees have a financial incentive to recommend insurance products, trust services, and business services, this creates a conflict of interest. Advocacy Wealth is dedicated to acting in your best interests based on fiduciary principles. You have no obligation to purchase any insurance products or utilize trust or business services in order to receive service from Advocacy Wealth.

## **Other Conflicts of Interest**

### **Ownership**

Forge Consulting, LLC owns 100% of Advocacy Wealth and 78% of the non-diluted common shares of Advocacy, Inc. which owns 100% of the shares of Advocacy Trust, LLC. Forge Consulting, LLC owns 100% of Forge Capital, LLC D/B/A Forge for Business.

Forge Consulting, LLC gains financial benefit when a client chooses to work with Advocacy Wealth through distributions of its profits to Forge Consulting, LLC.

Forge Consulting, LLC will benefit when a client chooses to work with Advocacy Trust, LLC through future dividends paid to Forge through Advocacy Trust, LLC's holding company Advocacy, Inc.

Forge Consulting, LLC benefits from Forge Capital through distributions to it of profits earned in that business unit.

Advocacy Wealth gains financial benefit when a client chooses Advocacy Trust, LLC and Advocacy Wealth is selected to manage the assets in the trust for a fee either as a directed or as a delegated investment adviser.

When all cross-owned entities prosper, capital can flow freely between the entities as needs and opportunities arise, thus benefiting the organization

The partners of Forge Consulting, LLC and all employees could have a conflict of interest when short term revenue is considered versus long term profit and reinvestment. Because certain life and annuity products as well as Property and Casualty products pay commissions as soon as the policy is issued, if recurring revenues are insufficient to cover ongoing overhead, there could be a push for products with immediate payouts instead of those with longer trailing revenues. Over 70% of the Forge Companies' revenue is generated by non-commission based services, and these non-commissioned services cover 90+% of the total operating expenses of the company. The Forge Companies work very hard in concert with one another to remove or at least dampen this possible conflict of interest. Meanwhile, adherence to our fiduciary duties precludes offering any product whose features do not fit the client's best interests, regardless of compensation.

### **Regulatory**

The National Association of Insurance Commissioners and, more specifically, the individual commissioner in each state regulates Forge Consulting, LLC and the Property and Casualty unit under each state's individual statutes. The Securities and Exchange Commission regulates Advocacy Wealth under the

Investment Advisers Act of 1940. The Department of Financial Institutions of the State of Tennessee regulates Advocacy Trust, LLC.

A client could be offered products which are more lightly regulated than others in order to receive less regulatory review. However, our planning is integrated across all product lines so as to avail our clients of what we believe best fits each individual's need. Furthermore, our willingness to hold ourselves to a fiduciary standard in all cases, even those where it is not necessary or called for by regulation, speaks to our commitment to act in and put our clients' best interests first.

On November 30, 2022, Advocacy Wealth entered an agreement with BlackRock to collaborate with their Custom Model Solutions group to develop a new series of investment portfolio models. The models would be maintained and updated by BlackRock with our input and under our supervision. We would be responsible for trading any suggested changes to the models, with veto ability.

Within that agreement, there exists a clause that would require Advocacy to pay BlackRock for their work if assets in aggregate using those models did not equal or exceed \$150 million within one year of signing on. Advocacy did not meet that minimum within the time allowed under contract, but BlackRock did not enforce that provision. Nor, it should be noted, were all the holdings in those models BlackRock ETFs or mutual funds. In the last quarter of 2023, our Advisors began significantly favoring the models created with BlackRock, particularly as we rebalanced all the models over the yearend. As of April 24, 2024, our clients had \$659.8 million invested in those models Advocacy Wealth created with BlackRock.

The \$150 million minimum in assets to avoid fees presents a conflict in interest in that Advocacy Wealth could favor those models to meet that threshold. Advocacy Wealth must act in your best interests; therefore, we first choose whether any model or single investment suits your risk tolerance, needs, and goals. Whether a fee to us is involved or not cannot be part of that consideration. We do work with other investment managers to gain access to certain investments or strategies for clients that we pay for out the fee that the client pays to us.

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

Advocacy Wealth has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts or business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Advocacy Wealth must acknowledge the terms of the Code of Ethics annually, or as amended.

Financial Advisors of Advocacy Wealth can buy or sell securities that are recommended to clients. Advocacy Wealth's employees and persons associated with Advocacy Wealth are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Advocacy Wealth and its affiliates can trade for their own accounts in securities which are recommended to and/or purchased for Advocacy Wealth's clients or have their accounts managed for a discounted fee by Advocacy Wealth. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Advocacy Wealth will not interfere with: (i) making decisions in the best interest of advisory clients; and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not

materially interfere with the best interests of Advocacy Wealth's clients. In addition, the Code of Ethics requires pre-approval of many transactions, and restricts trading independently in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees could benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Advocacy Wealth and its clients.

Certain affiliated accounts can trade in the same securities with client accounts on an aggregated basis when consistent with Advocacy Wealth's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs based on their custodian and receive securities at a total average price. Advocacy Wealth will retain records of the trade order and its allocation specifying each participating account, which will be completed prior to the entry of the aggregated order.

Advocacy Wealth's clients or prospective clients can request a copy of the firm's Code of Ethics by contacting the Chief Compliance Officer at our main number.

#### **Item 12 – Brokerage Practices**

Advocacy Wealth recommends many of its clients for brokerage and custodian services to Fidelity Institutional Wealth Services, LLC ("Fidelity"), through its affiliates National Financial Services LLC or Fidelity Brokerage Services LLC, members NYSE and FINRA. For accounts belonging to Advocacy Wealth clients maintained in its custody, Fidelity generally does not charge separately for custody services but is compensated by account holders through transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts. Fidelity makes products and services available to Advocacy Wealth that benefit Advocacy Wealth but might not directly benefit its clients' accounts. Many of these products and services are used to service a substantial number of Advocacy Wealth accounts. Some of these products and services provided by Fidelity include software and other technology that: (i) provides access to client account data (such as trade confirmations, account and tax statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates payment of Advocacy Wealth fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting.

The foregoing arrangements and those with any other custodian that we may enter into an agreement with poses a conflict of interest. Services provided create an incentive for Advocacy Wealth to suggest that clients maintain their assets in accounts at Fidelity on the basis of products and services available to Advocacy Wealth, rather than solely on the basis of the nature, cost or quality of custody and brokerage services provided by Fidelity to clients. Further, Advocacy Wealth frequently suggests the choice of Advocacy Trust, LLC, an affiliate under common control and ownership of Advocacy Wealth. When the Trustee is Advocacy Trust, LLC Advocacy Wealth will benefit directly under common control. Alternatively, Advocacy Wealth could suggest an unaffiliated custodian and trust administrator from whom it could receive a referral fee. In addition to advisory fees, clients will be charged for custody and administration by the trustee.

Advocacy Wealth is constrained by fiduciary principles to act in its clients' best interests and will suggest a custodian to clients only when appropriate. In addition, Advocacy Wealth maintains an awareness of the services provided to clients by the custodians in an effort to ensure that clients are well-served.

Advocacy Wealth bases the recommendation of custodian or of a trustee on the individual client's needs. A significant number of clients establish a special needs trust to preserve government benefits and services. Advocacy Trust, LLC, where it has authority, provides specialized administration services in this area. Where Advocacy Wealth's own affiliate does not have trust powers, it will recommend a trustee that has adequate capabilities to serve the client's needs. Another significant subset of clients have either spendthrift issues or endangerment from financial predation from family and friends, or both. In those circumstances we often recommend a Tennessee Investment Services Trust, because Tennessee has among the best asset protection statutes in the nation, in our view. For those clients where trusts do not appear a sound solution, we usually recommend Fidelity, which in our view, offers financial strength and stability in their custody area as well as the support Advocacy Wealth needs to meet its clients' needs.

Depending on the type of transaction, transactions could be executed through the custodian holding your account or could be directed to another specified broker-dealer. Although the brokerage and/or transaction fees paid by clients shall comply with the firm's duty to obtain best execution, a client can incur costs that are higher than another qualified broker-dealer charges to effect the same transaction. In executing transactions, the determinative factor is not necessarily the lowest possible cost, but whether the transaction is executed in the most advantageous manner in terms of quality. To assess quality, we evaluate many factors, including full range of a broker-dealer's services, competitiveness of price spreads, timeliness of execution and reporting, frequency and correction of trading errors, back office and trade settlement capabilities, and responsiveness to our orders and needs.

Advocacy Wealth frequently aggregates orders in a bunched trade or trades when securities are purchased or sold through the same broker-dealer for multiple accounts. The trader for each account must reasonably believe that the bunched order is consistent with Advocacy Wealth's duty to seek best execution and will benefit each client participating in the aggregated order. The average price per share of each bunched trade will be allocated to each account that participates in the bunched trade. Multiple bunched trades in the same security executed on the same day prices are averaged in aggregate. Upon request, the client will be provided with average price trade details. Accounts that participate in the same bunched trade will be charged commissions or transaction fees, if applicable, in accordance with their advisory and brokerage contracts. Different accounts participating in a bunched transaction will not necessarily be charged the same commission rates or transaction fees dependent upon the individual services received.

For example, we execute exchange traded securities through Fidelity Institutional. If we have a bunched trade that includes accounts custodied at Fidelity, those accounts who accept electronic document delivery pay no transaction fee. Accounts at Fidelity that still receive paper documents pay \$4.95 a trade. If Advocacy Trust accounts are part of the bunched trade, those accounts not custodied at Fidelity will pay \$0.01 per share to Fidelity for delivery services. Because Advocacy Wealth is bound to act in all clients' best interests and seek best execution, bunching trades into an aggregate average price seems fair to all. The \$0.01 commission that clients at Advocacy Trust pay is the same that they would pay were the trade executed through the trade system that Advocacy Trust offers, and is commensurate with the going market rate for such executions.

If a bunched order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day will be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular client accounts. For example, partial fills generally are filled pro rata

among participating accounts. If the amount to be allocated for each account is not indicated prior to placement of the trade, the Chief Compliance Officer must review and approve the allocation.

Changes in allocation prior to final allocation must be made for good cause provided that all client accounts receive fair and equitable treatment. A written explanation of the reason for any material change in the allocation must be provided to and approved by the Chief Compliance Officer. If the change in allocation is the result of a condition that exists or a change in a client's account outside of the portfolio manager's control, then approval is not required.

You are free to select a broker-dealer other than Fidelity or another trustee other than our recommendation to custody your account and execute your transactions. In such cases, you will negotiate the terms and arrangements with the broker-dealer or trustee of choice, and we will not be in a position to seek better execution services or prices from other broker-dealers or trustees. Furthermore, we will not be able to aggregate your transactions with orders from other accounts managed by us. Consequently, you might pay higher commissions or transaction costs than otherwise would be the case.

### **Strategic Business Interests**

Fidelity Custody and Clearing provides custody of cash and securities, electronic funds transfers, dividend postings and retirement accounts for no fees. Fidelity does charge, and we do pass through to the client, fees for some transactions and certain other services. In exchange for these transaction and service fees, Fidelity provides Advocacy Wealth with data from markets, research, client data and other services. It is possible that clients would pay less in transaction and service fees if Advocacy Wealth were to employ a different platform. When making a recommendation to a client of where to custody the account, Advocacy Wealth considers many factors, especially safety and security, not just costs. Fidelity Investments, one of the largest providers of investment services, owns National Financial Services, the clearing agent and custodian that holds client securities and cash. "SIPC", the Security Investors Protection Corporation, which in the extraordinarily unlikely event that Fidelity and National Financial were to fail, would protect cash and securities up to \$500,000 – similar to the way the FDIC (Federal Deposit Insurance Corporation) protects bank accounts when a bank fails. National Financial has \$1 billion in aggregate excess SIPC coverage, and is a preferred custodian. The excess SIPC coverage has no per-customer dollar limit on coverage of securities, but there is a per-customer limit of \$1.9 million on coverage of cash. Neither coverage protects against a decline in the market value of securities, nor does either coverage extend to certain securities that are considered ineligible for coverage. However, this coverage is the maximum excess of SIPC protection currently available.<sup>2</sup>

Forge Consulting, LLC frequently recommends custody and administration of a trust by Legacy Enhancement, Inc. which is a not for profit institution operating as a pooled special needs trust under 42 U.S.C. §1396p(d)(4)(C) or as a pooled trust for the benefit of minors. Advocacy Wealth currently manages investments in these trusts under a delegated investment authority for each pool. It is possible that additional relationships could be established in similar fashion with other trusts operating under 42 U.S.C. §1396p(d)(4)(C), causing similar conflicts of interest. Advocacy Wealth affirms its duties as a fiduciary to act in all clients' best interests.

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<sup>2</sup> <https://www.fidelity.com/why-fidelity/safeguarding-your-accounts>

Forge Consulting, LLC often will recommend another trustee other than Advocacy Trust or Legacy Enhancement. Those Trustees are other trust companies or corporate fiduciaries, who could be the attorney who drafted the trust. In many such cases, Advocacy Wealth will manage the investments in the trust. Again, Advocacy Wealth affirms its duties as a fiduciary to act in the client's best interests.

#### **Item 13 – Review of Accounts**

For those clients to whom the Adviser provides investment supervisory services, account reviews are conducted on an ongoing basis. Such reviews are typically conducted by the Financial Advisor, who is an Investment Adviser Representative, or by a professional to whom the review has been delegated. We designate our Investment Advisory Representatives as "Financial Advisors" because the advice they deliver is not limited solely to investments. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with their Financial Advisors and to keep their Financial Advisors informed of any changes. Financial Advisors shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. You agree to inform the firm promptly of any material changes in your financial circumstances that might affect how your assets should be invested. Please contact your Financial Advisor concerning the management of your account(s). Item 16 contains information regarding the custody reports provided.

Additional account reviews can be triggered by potential change (beyond client's needs) including changes in general economic and market conditions, analyst reports, company news and interest rate movement. There is no limit to the number of accounts assigned to any particular reviewer, though we target a maximum of 150 relationships per Financial Advisor.

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

While Advocacy Wealth does not provide cash compensation for client referrals, it does provide sponsorship and entertainment benefits to induce referrals, either directly, or indirectly through its affiliates. Forge Consulting sponsors events staged by organizations of trial attorneys. Advocacy Wealth and Advocacy Trust sponsor events staged by organizations of elder law, estate and trust attorneys. Meals and entertainment may be provided by any of the affiliates either concurrently with a sponsored event or in separate meetings. Forge Consulting receives casework from the individual attorneys who belong to the trial attorney associations. Advocacy Wealth and Advocacy Trust receive casework from elder law, estate and trust attorneys who may belong to a sponsored association that Forge Consulting, LLC did not originate. Advocacy Wealth has received referral fees in the past from trustees recommended to the client by Advocacy Wealth, but where Advocacy Wealth does not provide investment advice.

Forge Consulting, LLC is paid a commission and, if earned by doing a high enough volume of business, an incentive cash override and incentive business trips for placing insurance policies. Those incentives are paid by either the insurance company that issues the policy involving you or the Insurance Marketing Organization ("IMO") that aids us in processing the insurance business. The IMO also issues credits based on the amount of premium placed through them that can be used for marketing materials such as brochures, logo stamped merchandise, and video production. The Forge Companies Marketing Department determines the best use of those credits, some of which may benefit Advocacy Wealth. Many of the clients who purchase insurance products through the IMO from Forge also have accounts managed by Advocacy Wealth. The marketing credits amounted to \$302,875 in 2023. This program has ended and cash considerations will instead accrue going forward.



## Incentive Compensation

Advocacy Wealth entered into an agreement with Liquid Strategies™ to commission a strategy within the existing construction of the LS Theta Income Fund in the last quarter of 2017. That strategy allowed Advocacy Wealth to depart from its pre-existing individual bond ladder strategy in the fixed income asset class to a pooled investment that offered better diversification, higher quality and much greater liquidity. At the time, the persistence of relatively low interest rates made the overlay option strategy a good, non-correlated pairing with the underlying bond portfolio.

Advocacy Wealth will not share with Liquid Strategies in any revenue generated by the allocation of Advocacy Wealth-advised accounts to the LS Theta Income Fund or the newer ETFs offered by Liquid Strategies. Advocacy Wealth will share, however, in revenue on assets invested in the LS Theta Income Fund or the newer ETFs by investors who do not have accounts managed by Advocacy Wealth. This form of revenue-sharing recognizes Advocacy Wealth's "seed investor" role in creating this investment strategy and for bringing sufficient assets to the Theta Income Fund, and later to the newer ETF overlay shares through Advocacy Wealth's discretionary investment powers to create a critical mass that should stimulate further growth assets managed by Liquid Strategies.

Under the Revenue Share Agreement between Advocacy Wealth and Liquid Strategies, Advocacy Wealth will be entitled to receive a portion of certain fees earned by LS not related to the funds that Advocacy Wealth allocates to the specific investment. This arrangement creates a conflict of interest, as Advocacy Wealth is incentivized to allocate its clients' assets to LS so that Advocacy Wealth is eligible to receive a portion of LS's fees, even if other investment opportunities are more appropriate or suitable for Advocacy Wealth's clients. The amount Advocacy Wealth received in 2023 totaled \$159,758.58. Advocacy Wealth addresses this conflict of interest by allocating all of its clients' assets in accordance with the investment objectives of each client and does not allocate any given client's assets to LS if the securities offered do not meet the client's investment objectives. In early 2024, Advocacy Wealth decided that the Liquid Strategies securities no longer met most clients' investment objectives and exited those holdings.

Advocacy Wealth currently maintains a contract under which Gratus Capital, LLC supplies outsourced Chief Investment Officer resources. There could be a conflict of interest in the future should Advocacy Wealth hire Gratus Capital as a subadvisor while receiving referral business from Gratus Capital at Advocacy Trust. Advocacy Wealth would only use Gratus Capital to provide further diversification and/or strategies Advocacy Wealth does not currently offer to benefit investment performance, regardless of Trust referrals.

Forge Consulting, LLC receives incentive overrides and paid business trips as part of compensation for placing certain premium levels of insurance product. There could be a conflict of interest if certain performance targets were close to being achieved which would trigger payment to Forge Consulting, LLC of either additional compensation or travel awards, or both. The partners and others could push and influence to achieve those targets. The compensation system is designed to mitigate such influence were it to occur, and regular company training reinforces the requirement to always put the client's best interests first.

Additionally, Forge Consulting, LLC earns merchandising and marketing credits at its Insurance Marketing Organization, Advisors Excel, for attaining certain levels of insurance premiums placed. The credits did translate into print and visual media as well as logoed merchandise such as ink pens, coffee cups, and

other items of incidental value for distribution to clients and prospects. That program ended in 2023 and was replaced with cash considerations. Again, regular company training reinforces the requirement to always put the client's best interests first.

Forge Consulting, LLC can direct the credits at Advisors Excel to benefit Advocacy Wealth and Advocacy Trust LLC. For example, Advisors Excel produced three-ring binders branded with logos with section tabs to hold monthly statements and other documents for Advocacy Wealth clients. Employees of Advocacy Wealth or Advocacy Trust LLC would indirectly benefit from an incentive payment received by Forge Consulting, LLC by future client referrals or directly benefit if an individual employee is selected to receive an incentive business trip awarded to Forge. Both Advocacy Wealth and Advocacy Trust are fiduciaries and thereby bound to do nothing that is not in our clients' best interests.

#### **Item 15 – Custody**

Clients should receive statements at least quarterly from the qualified custodian that holds and maintains your investment assets. Advocacy Wealth urges you to review carefully such statements and compare the official custodial records to any account statements or reports that we provide you. Information we provide could vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Because Advocacy Wealth believes it has custody as defined by its regulator, we engage a Public Company Accounting Oversight Board registered auditor to conduct a surprise audit of our clients' cash and security holdings annually. This audit is filed with the Securities and Exchange Commission as Form ADV-E and can be found on the Investment Adviser Public Disclosure website:

(<https://www.adviserinfo.sec.gov/Firm/141943>).

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

Advocacy Wealth can and does receive discretionary authority from the client (with only a few exceptions) at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, discretionary authority must be authorized by the client in the written advisory agreement and such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Advocacy Wealth observes the investment policies, limitations and restrictions of the clients advised. Investment guidelines and restrictions must be provided to Advocacy Wealth in writing.

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

As a matter of firm policy and practice, Advocacy Wealth will vote proxies on behalf of advisory clients, except for self-directed accounts or where Advocacy Wealth does not have authority. Advocacy Wealth has the responsibility for receiving and reviewing proxies for any and all securities maintained in client portfolios held in custody by National Financial Services and forwarded to Broadridge's ProxyEdge service.

At the present time, Advocacy Wealth constructs investment models using mutual funds and ETFs. From time to time proxies will be issued for a vote by shareholders, most frequently to choose new directors. We may also receive proxies for individual securities which we do not manage but are authorized to vote by our clients. In such cases, we vote for approval for management proposals and against shareholder proposals, and elect the one year option on executive compensation frequency.

We vote with management as a result of our due diligence on the individual fund – if we did not like the way management operates, we would not have you own the fund. We believe our due diligence offsets potential conflicts with your interests.

You may request a record of how we voted your shares. If you would vote your shares differently than we do, and should like to vote your shares yourself, please let your Financial Advisor know so that we may redirect future proxies to you.

Proxies for trusts for which Advocacy Wealth is the investment manager are received, reviewed and voted by the trustee, unless the trustee delegates review and voting to Advocacy Wealth.

The Chief Investment Officer is responsible for reviewing and voting proxies for Advocacy Wealth. In addition, Advocacy Wealth will take any action through its vendor Broadridge with respect to any securities held in any accounts that are named in or are subject to class action lawsuits. Clients retain the right at all times to vote their proxies or act on a class action lawsuit directly on their own by notifying Advocacy Wealth.

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

Registered Investment Advisers are required to provide you with certain financial information or disclosures about Advocacy Wealth’s financial condition. Advocacy Wealth has no financial commitment or current liability that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of any bankruptcy proceeding. Advocacy Wealth does not require prepayment of fees from clients.