

**ADVISED ASSETS GROUP, LLC**

**Disclosure Brochure**

**Online Advice & Professional Management Program**

8515 East Orchard Road  
Greenwood Village, CO 80111

Telephone: 866-575-4977

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This Brochure provides information about the qualifications and business practices of Advised Assets Group, LLC (“AAG”). Specifically, this Brochure provides information on the advisory services provided by AAG and sub-advised by Financial Engines Advisors L.L.C. (“FEA”). If you have any questions about the contents of this Brochure, please contact us at 866-575-4977. The information in this Brochure has not been approved or verified by the Securities and Exchange Commission (“SEC”) or by any state securities authority.

AAG is a federally registered investment adviser. Registration of AAG does not imply any level of skill or training. The oral and written communications of AAG provide you with information about which you determine to hire or retain AAG.

Additional information about AAG is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

This section of the Brochure highlights and discusses any changes that were made since AAG's last update dated March 22, 2019. This Brochure was updated to address any out-of-date information; additionally we made other changes throughout the document in order to provide information clearly and concisely. There were no material changes to this Brochure from its last filing.

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

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## **Item 4 – Advisory Business**

### **Description of Advisory Firm**

AAG is, and has been a registered investment adviser since 2000 and submits notice filings with state securities administrators in all 50 states, the District of Columbia, Virgin Islands, Guam and Puerto Rico. AAG offers investment management and advisory services primarily to plan sponsors of employer-sponsored retirement plans such as 401(a), 401(k), 403(b) and 457 plans, including government entities and their participants and to IRA account holders. AAG does not choose the investments offered in employer-sponsored retirement plans. AAG's sub-advisory relationship with FEA does not currently provide for investment management and advisory services to IRA holders. More information - including an applicable Brochure - for all of the services offered by AAG can be obtained by contacting AAG at the number provided on the cover page of this Brochure or by visiting AAG's website at: [www.advisedassetsgroup.com](http://www.advisedassetsgroup.com). AAG's principal place of business is located in Greenwood Village, CO.

AAG is a wholly-owned subsidiary of Great-West Life & Annuity Insurance Company ("GWLA"), an insurance company domiciled in the State of Colorado. GWLA is a direct wholly-owned subsidiary of GWL&A Financial Inc. ("GWL&A Financial"), a Delaware holding company. GWL&A Financial is a direct wholly-owned subsidiary of Great-West Lifeco U.S. LLC. ("Lifeco U.S.") and an indirect wholly-owned subsidiary of Great-West Lifeco Inc. ("Lifeco"), a Canadian holding company. Lifeco is a subsidiary of Power Financial Corporation ("Power Financial"), a Canadian holding company with substantial interests in the financial services industry. Power Corporation of Canada ("Power Corporation"), a Canadian holding and management company, has voting control of Power Financial. The Desmarais Family Residuary Trust, through a group of private holding companies that it controls, has voting control of Power Corporation.

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### **Types of Services**

AAG, through its sub-advisory relationship with FEA, provides non-discretionary investment advisory services through an online service called Online Advice ("OA") and discretionary investment advisory service through the Professional Management Program and Professional Management Program with the Income+ feature, which for AAG customers are each referred to as Professional Management Program ("PMP" or "Professional Management"). Participants that enroll in one of the advisory service programs are referred to as "Members". Plan Sponsors or other entities who engage AAG to provide services are referred to as "clients."

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

### **Financial Engines Advisors, L.L.C.**

FEA is a registered investment adviser, wholly-owned by Edelman Financial Engines, LLC, and is not affiliated with AAG or any company that is affiliated with AAG. FEA is headquartered in Sunnyvale, California, and a copy of their Form ADV Brochure may be obtained at either [www.edelmanfinancialengines.com](http://www.edelmanfinancialengines.com) or <http://www.adviserinfo.sec.gov>. FEA utilizes proprietary software to develop individualized recommendations as to the allocation of assets within Member accounts. The methodology is designed to provide personalized and diversified investment recommendations for Members, considering variables such as time horizon to retirement, risk tolerance, outside assets and other personal circumstances, and may provide calculations for retirement plan installment distribution amounts.

#### **1. Online Advice**

OA is a non-discretionary service for Members to get objective advice. Members who choose to receive this service are responsible for implementing OA's personalized recommendations within their retirement plan accounts and checking back regularly to get updated personalized recommendations. Neither FEA nor AAG places transactions on behalf of the Members or monitors the personalized recommendations OA Members receive.

OA is a non-discretionary investment advisory service that includes the following features:

- a forecast of the potential future account value or the potential annual retirement income;
- a forecast of the likelihood that a Member will achieve his/her retirement income or account value goals; taking into consideration the total household investment portfolio;
- as further described below, recommendations among the investment alternatives available in the employer-sponsored retirement plan (generally mutual funds and other investment company securities and in some cases, one or more equity securities issued by the plan sponsor);
- guidance on savings rate and retirement age; and
- access to ongoing monitoring, including access to optional online quarterly Retirement Updates.

Members may use OA as frequently as they choose to monitor progress toward their retirement goals; receive forecasts and investment recommendations; and access educational content, if available. OA updates the investment information of most mutual funds and stocks in plan accounts daily. Members are responsible for periodically revisiting OA to:

- update account information to reflect changes in outside investments, including purchases and sales of investments;
- update personal information, including retirement goals, to reflect changes in personal or financial circumstances; and/or
- review any updates regarding changes to Member's account value or forecast.

**The failure of an OA Member to review and periodically update their personal and financial information can materially affect the value of the investment advisory services provided.**

OA offers Members investment analysis of mutual funds and stocks in the form of Scorecards. Each Fund Scorecard presents an analysis of the risk, expenses, style, turnover and historical performance of a particular mutual fund, and assigns the fund a score. A fund's score describes how the fund might perform in the future relative to its peers. The Fund Scorecard also compares the fund against its peers in terms of risk, expenses, turnover, and historical performance. The Fund Scorecard also presents a graphical representation of historical performance and a range of potential future values of a hypothetical investment in the fund. Scorecards for individual equity securities depict the relative risk and historical performance of the individual stock.

## **2. Professional Management Program**

PMP is a discretionary service, where each portfolio is personalized to fit the Member's needs and the specific characteristics of the plan using the program's methodology and information provided by the Member. PMP simulates thousands of scenarios, to find an investment mix designed to optimize the Member's opportunity for potential future value, and which may also include the goal of providing steady income through retirement.

Through the services of our sub-adviser, AAG creates, initiates, and monitors the personalized portfolios for Members. AAG constructs the Member's portfolio from the menu of investment options available in the retirement plan. These investment options may include mutual funds, exchange listed equity securities, commingled funds, separate accounts and insurance company provided guaranteed investment contracts which are chosen by the plan sponsor or other plan fiduciary. The investment options do not include restricted investments as determined by the plan sponsor.

Professional Management is generally made available to plan participants in a defined contribution plan through an agreement between AAG and the plan and/or the sponsoring employer. That agreement will specify the methods of enrollment into Professional Management for eligible plan participants, which may include:

- an "opt-in" method of enrollment where a retirement plan participant actively elects to enroll in the program;
- an "opt-out" method of enrollment where eligible plan participants are automatically enrolled in Professional Management in accordance with plan or plan sponsor specifications, with the ability to withdraw at any time without penalty (with this type of enrollment, Professional Management may be designated as a qualified default investment alternative or QDIA), as permitted under the Employee Retirement Income Security Act ("ERISA"); or
- some combination of both methods, as determined by the plan or plan sponsor and as agreed to by AAG.

During the period following enrollment, the program determines how to transition the account toward the allocation target and directs the plan provider regarding allocation of the account (which may include transfer or exchange directions) and provides directions regarding new contributions to the account. Accounts of then-current Professional Management Members newly eligible for the Income+ feature of Professional Management (when available) may also be subject to a similar transition. Certain plan sponsor "insiders," as defined under applicable regulations, and non-U.S. participants in plans, may not be eligible for the Professional Management program.

Professional Management may include the following features:

- a retirement plan or similar document showing how AAG will manage and allocate the account, e.g., the portfolio allocation target, suggestions regarding the Member's savings and a forecast regarding achievement of the member's retirement goals ("Retirement Plan");
- periodic portfolio monitoring;
- quarterly Retirement Updates;
- phone access to investment adviser representatives via a toll-free number as well as online account access;
- subject to availability, non-discretionary investment advice on retirement accounts outside the plan account;
- Income+, which provides the following portfolio management and income payouts from 401(k) or similar plan accounts for retirees and near retirees who enroll. This service must be elected by the plan sponsor for it to be available to Members:
  - Prior to retirement, AAG manages the Member's portfolio to balance between safety and growth, intending to protect the ability of the account to generate income in the future;

- Once retired, Income+ is designed to provide steady payments throughout a member's retirement, seeking to last into the early 90s;
- Upon request, AAG will facilitate withdrawals from a Member's plan account through the plan provider;
- Members pay no additional fees for the service, and Members are able to transition to an Income+ portfolio automatically upon eligibility or by Member request;
- An account balance is maintained for a potential optional out-of-plan annuity purchase;
- an in-plan annuity need not be included in a plan's investment lineup for a plan sponsor to offer Income+ services to its participants;
- AAG may provide general educational information regarding an out-of-plan annuity purchase, but does not sell or distribute annuities, and does not receive any compensation related to out-of-plan annuity purchases; and
- Income+ is subject to applicable retirement plan provisions related to plan withdrawals.

As part of the suite of advisory services available to participants in employer-sponsored retirement plans described above, AAG may provide Members with a Retirement Evaluation. The Retirement Evaluation is delivered in printed or electronic format to specified plan participants, and is designed to communicate some (or all) of the following information:

- a summary of the current value of the Member's plan account;
- a forecast of how much the plan account investments, and other investments that participants submit for analysis, might be worth at retirement;
- whether a change is suggested to the Member's contribution rate, their portfolio's risk and diversification, unrestricted company stock holdings, if applicable, target date usage, if applicable, and/or investment style and allocation;
- investment proposals; and
- a projection of how much annual income the participant may anticipate at retirement, based on how much the plan account plus Social Security and certain other benefit accounts could provide.

Once enrolled in PMP, Members delegate certain account management functions to AAG, and the following functions then are no longer available to the Member, including functionality for fund-to-fund transfers, fund change allocations, and/or the rebalancing tool. Members in PMP retain full inquiry access to their account and may still request certain services from the retirement plan service provider, including, but not limited to, approval for loans and distribution withdrawals. Members may un-enroll at any time from PMP by contacting an AAG investment adviser representative or by any other method available and described on the PMP website and, once they do so, they resume full responsibility for the investment management of their account.

AAG does not manage restricted investments or Member assets held in a brokerage account under the retirement plan. However, the disclosure of any of these types of investments held by the Member may influence the recommendations provided on the assets being managed. AAG does not sell or distribute annuities, and does not receive any compensation related to out-of-plan annuity purchases. However, an affiliate of AAG may offer or sell annuities.

#### **Termination of Services**

Members may cancel their participation in PMP at any time. Members utilizing PMP may either cancel online or by calling AAG at the toll-free customer service number.

After cancellation of PMP, the Member will have the ability to make allocation and investment option changes to their account, usually within one to two business days following cancellation. Accordingly, the participant's asset allocation will remain the same as established in PMP **unless and until** the participant affirmatively changes his/her asset allocation after cancellation.

#### **Member Information**

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

#### **Customized Services for Individual Members**

For AAG services, a Member can individually tailor the services by going online or contacting an investment adviser representative to:

- Adjust risk preference;

- Participate in the Income+ feature, if available;
- Change desired retirement age;
- Include outside investments;
- If applicable, specify the maximum percentage of company stock to be held in the portfolio up to a maximum of 20%.

## **Assets Under Management**

With respect to the services provided by AAG, as of December 31, 2019:

Discretionary investment management among all services (including the PMP described herein) in the amount of:	\$ 46,855,489,772
Non-discretionary investment advisory services among all services in the amount of:	\$ 1,669,479,180
Total discretionary and non-discretionary investment management and advisory services in the amount of:	\$ 46,855,489,772

## **Item 5 — Fees and Compensation**

### **Online Advice - Advisory Fees and Compensation**

Fees, if any, for OA depend on the services you receive. AAG may receive compensation for making OA available through a flat annual or periodic fee that may be paid by Members or the plan sponsor. Fees are subject to change and AAG may offer certain plan sponsors or Members discounted fees or other promotional pricing.

### **Professional Management Program – Advisory Fees and Compensation**

Fees for PMP are negotiable on a plan sponsor-by-plan sponsor basis. Generally, Members enrolled in PMP pay AAG, on a periodic basis, usually quarterly, in arrears, based on a percentage of assets managed in their retirement plan account (up to 0.60%, typically declining for account balances greater than \$100,000). The initial fee schedule may be reduced depending upon the various option(s) selected by the plan sponsor for its participants. The initial fee schedule will be charged from the date a Member enters PMP until the occurrence, if at all, of the Reset Date, as defined below. For some plans, participation in PMP is determined by dividing the number of participants in the applicable retirement plan by the number of Members (the “Program Participation Rate”), at a date near the end of each calendar quarter. Once the Program Participation Rate exceeds 20%, the fee schedule will be modified in the subsequent calendar quarter commencing on, or around, the next occurring anniversary of the Rollout Date (the “Reset Date”), and the change in fee schedules will be communicated to Members. Fees are subject to change and AAG may offer certain plan sponsors or Members discounted fees or other promotional pricing.

### **Payment of Fees**

Fees for service setup may be assessed to the plan sponsor, the plan or participants prior to the service being opened for Member enrollment, and if changes are made to the plan. When adopting the service, plan sponsors determine if these fees will be paid by the plan sponsor, the plan or Members. Annual platform fees may be invoiced upon the service being opened for enrollment and thereafter on the anniversary date of establishing the service for the plan. Annual platform fees may be paid by the plan sponsor, the plan or participants as determined by the plan sponsor. Member fees are calculated in arrears.

### **Additional Fees and Expenses**

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

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

## **Item 6 — Performance-Based Fees and Side-by-Side Management**

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

## **Item 7 — Types of Clients**

AAG is engaged by plan sponsor clients to provide investment advice to Members in their retirement plans for which an affiliated entity provides recordkeeping services. Members must be considered residents of the United States, the U.S. Virgin Islands, Guam or Puerto Rico. The plan sponsor may apply additional restrictions for participation due to plan or regulatory requirements. A Member account must have at least \$5 to receive the initial investment advice transaction.

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

### **Methods of Analysis and Investment Strategies**

FEA provides the analysis and investment strategies used in the OA and PMP services. FEA utilizes proprietary software to develop individualized recommendations as to the allocation of assets within individual retirement plan accounts. The methodology is designed to provide personalized and diversified investment recommendations for Members, considering variables such as time horizon to retirement, risk tolerance, outside assets and other personal circumstances, as well as may provide calculations for retirement plan installment distribution amounts.

### **Methodology Overview**

FEA's recommended or managed portfolio allocations are driven by the following key factors:

- Member investment objectives (i.e., growth, income or a combination)
- Member risk tolerance
- Member circumstances (time horizon, pensions, other household investments, etc.)
- Available investment securities within Member accounts
- Forward-looking models of securities' risk, expected returns, and correlations

Depending on the specific situation, investment securities receiving specific buy and sell recommendations include mutual funds, commingled funds, separate accounts, exchange-traded funds, individual equities, cash alternatives and certificates of deposit. FEA's approach may also be informed by certain established academic research, such as Modern Portfolio Theory and returns based style analysis, as well as by established discoveries in behavioral finance. Assessments of forward-looking returns incorporate information on expenses, turnover, and risk-adjusted manager performance. For investments held in taxable accounts, FEA also analyzes the tax efficiency of those investments.

Although FEA may recommend trading or short-term purchases depending on market conditions, changes in individual preferences and other criteria, it is generally anticipated that the dominant mode of advice will recommend long-term purchases. Reasons for reallocations may include:

- Client-driven – Changes in Member objectives, preferences or data may necessitate a revised target allocation.
- Rebalancing – When an asset category or particular investment product has experienced a material appreciation or decline in value, beyond the assigned percentage for that asset category or investment product in comparison to other asset classes or investment products, the extra amount may be sold, and the proceeds invested in asset categories or investment products that have not appreciated as much, or have declined in percentage.
- Updated assessment of forward-looking returns, risks, and correlations – FEA regularly updates its risk and return models, which may affect its assessment of prospects at the level of macroeconomic factors, asset classes, and/or individual investments. These updates may in turn lead to revised target allocations in Member accounts.

Consistent with its fiduciary duties, FEA's policy is to exercise high levels of care and prudence in making and implementing investment decisions for Member accounts. FEA typically employs validation tests and operational, oversight and quality control procedures. However, FEA relies on a significant amount of data from multiple sources and cannot guarantee that all relevant data are free from error. Certain data are regularly presented to Members who are responsible for informing AAG of any inaccuracies in a timely way.

The methods of analysis and investment strategies applied to services offered to participants through the workplace depend in part on their stated goals. For participants on the growth objective, the program generates a recommended portfolio allocation that is generally designed to maximize expected returns in a manner consistent with the Member's stated risk level. For participants on the income objective, on the other hand, the advice platform generates a portfolio designed to provide steady payouts in retirement in line with the Member's needs, stated risk tolerance and time horizon, among other factors.

Due to the statistical nature of FEA's process, a number of potential portfolios will satisfy its criteria for an appropriate investment strategy and allocation. This optimal set of portfolios that offer the highest expected return for various levels of risk is often referred to as the "efficient frontier." The efficient frontier is not a line, but instead is a thin band of portfolios with varying allocations. The portfolio that is selected for implementation is the product of optimization enhancements developed by FEA, which take into account, among other factors, portfolio turnover, concentration, risk and expected return, number of positions and transactions.

The universe of available investment alternatives may be designated by the plan sponsor or other plan fiduciary (in the case of a defined contribution plan account), by a financial institution. Investments or securities not available in such defined universes may have characteristics similar or superior to those available investment alternatives being analyzed. Neither FEA nor AAG has authority or



responsibility to select the universe of investment alternatives available for Member accounts, nor does FEA or AAG have the authority or responsibility to monitor investment choices for the continued appropriateness for inclusion in the universe, or to monitor the adequacy of the universe as a whole.

### General Risks of Investing

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

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

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

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

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

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

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

### **Item 9 — Disciplinary Information**

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

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

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

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

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

##### **Insurance Companies**

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

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

##### **Broker-Dealer**

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

##### **Trust Company**

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

##### **Investment Company**

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

##### **Investment Advisers**

*Great-West Capital Management, LLC* ("GWCM"), an affiliate of AAG, is an investment adviser for Great-West Funds and is registered under the Investment Advisers Act of 1940. It is a wholly-owned subsidiary of Great-West. AAG provides its discretionary and non-discretionary services to participants in certain defined contribution plans; a plan may select certain portfolios of Great-West Funds managed by GWCM as investment options within the plan.

*Putnam Investment Management, LLC* is a registered investment adviser ("PIM"). AAG is under common control with PIM and is an affiliate of PIM. Certain Putnam mutual funds managed by PIM may be available for purchase by retirement plans who invest in the certain funds of the Great-West Funds for which PIM provides sub-advisory services or funds managed by PIM. PIM serves as the sub-adviser to the Great-West Putnam High Yield Bond Fund and the Great-West Putnam Equity Income Fund; both Funds are under investment management with GWCM.

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

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

### **Potential Conflicts of Interest**

The plan investment options available in PMP are generally established by the plan sponsor/client through which our services are delivered. In some cases, the plan investment options may include or be comprised solely of affiliated investment options of the institutional client or of AAG. Participation in PMP may result in an allocation to one or more investment options managed by an affiliate of AAG. AAG does not receive compensation from its parent company or any of its affiliates as a result of these allocations.

AAG has a relationship with FEA wherein FEA acts as sub-adviser for the advisory services. AAG has entered into an agreement with FEA which, among other things, provides for the receipt of advisory services fees for providing such services to retirement plan clients. AAG has authorized GWFS Equities, Inc. (“GWFS”), an affiliate of AAG, and its licensed agents and registered representatives who are Great-West employees (collectively referred to as “Agents”) to solicit, refer and market AAG’s services. In addition to their salary, such Agents may earn bonus compensation based upon engaging plan sponsors to offer AAG’s services. Other Agents and Adviser representatives may be indirectly compensated through bonus compensation, in addition to their salary, for communication, education and/or assisting Participants to enroll in AAG’s services. Compensation paid to Agents or AAG representatives does not increase the fees paid by the Plan and/or their Participants.

AAG does not view these relationships as conflicts because the sub-adviser remains independent from AAG and its related persons with respect to their methods of analysis and investment strategies. FEA’s methodology also controls the investment allocations and recommendations. A participant will pay advisory fees to AAG for PMP and indirectly to GWCM if Great-West Funds are included in the retirement plan investment options. The fees paid to GWCM for management of the Great-West Funds are included in the fund share price.

### **Other Business Activity**

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

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

#### **AAG Code of Ethics**

AAG and FEA have each adopted their respective Code of Ethics (the “Code”) pursuant to Rule 204A-1 of the Investment Advisers Act of 1940 (“Advisers Act”). AAG’s Code sets forth a standard of business conduct expected of advisory personnel and requires AAG’s advisory personnel, referred to as “Access Persons,” among other things, to report their personal securities holdings and transactions in accordance with the Advisers Act. AAG’s Supervised Persons and Access Persons must comply with AAG’s Code. A copy of the Code will be provided to the current or prospective clients, upon request.

AAG’s Code includes but is not limited to such topics as:

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

#### **Personal Trading**

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

## **Principal Trading**

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

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

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

Registered representatives of GWFS and/or Great-West RPS may provide wholesaling, direct sales, enrollment, and/or communication services to retirement plans and their participants for which AAG may also provide its services. In return, GWFS or Great-West RPS may receive fees from either the plan or the investment provider (fund families). All securities transactions which occur as a result of the services provided by AAG as described in this Brochure are executed by GWFS. GWFS may receive compensation in the form of 12b-1 fees or other compensation from mutual fund companies or from the other investments that may be available as plan investment options. In all instances, AAG's affiliation with these entities is disclosed.

Allocations in the investment options are solely determined and based on FEA's software and not determinations made by AAG. The compensation paid by AAG to FEA for FEA's proprietary software advice program does not vary based on the allocations made or recommended by FEA. Because FEA is unaffiliated with AAG and GWFS, AAG does not believe there is a conflict of interest.

## **Item 12 — Brokerage Practices**

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

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

### **Soft Dollar Practices**

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

### **Directed Brokerage**

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

### **Trade Aggregation**

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

## **Item 13 — Review of Accounts**

OA users also have the ability to generate their own reports as frequently as they choose. It is the responsibility of OA Members to review and update their accounts to adjust for changes in the investments they own and to determine whether the recommendations are suitable for their particular investment needs. OA Members should also review and update their accounts should significant changes occur in their personal circumstances. FEA may from time to time provide e-mail notifications to participants who elect to receive such messages, concerning changes in the value of the participants' investments, chances of reaching the participants' goals, or other OA account-related information.

For PMP Members, account reviews are the responsibility of FEA for the services provided as sub-adviser. Working with support from FEA as well as the compliance department, AAG will conduct random Member account reviews to assure that the management of the account is consistent with the methodology of the FEA services and that the discretionary and non-discretionary investment advisory services are prudent from a fiduciary perspective. Reviews will be conducted by designated personnel. AAG reviews accounts on a periodic basis but will review accounts as needed based on circumstances such as if a question or complaint is received by AAG.

FEA, as sub-adviser, will provide quarterly reports to all Members enrolled in PMP. These reports include information regarding holdings, balances, transaction activity, and estimated payout amounts, if applicable, for a certain period of time. If requested by a retirement plan sponsor, FEA also will provide reports to plan sponsors reflecting plan level activity for a certain time period.

#### **Item 14 — Client/Member Referrals and Other Compensation**

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

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

#### **Item 15 — Custody**

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

#### **Item 16 — Investment Discretion**

AAG provides discretionary investment management services for those Plan participants who enroll and participate in PMP; AAG does not offer or engage in discretionary investment services for OA.

PMP is a professional, flexible asset management program based on data resulting from the methodologies and proprietary software program developed and employed by FEA. To provide PMP to plan participants, AAG retains discretionary authority over the allocation of available plan investment options without requiring prior approval of each transaction. All ongoing investment transfers and investment direction changes are implemented for plan participants enrolled in PMP. Each Member who actively enrolls in the program must agree to the Terms of Service for the program. Each Member who is auto-enrolled in the program, by direction of the plan sponsor, receives a copy of the Terms of Service.

#### **Item 17 — Voting Client Securities**

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

#### **Item 18 — Financial Information**

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

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