

# Precept Advisory Group LLC

## Client Brochure

*This brochure provides information about the qualifications and business practices of Precept Advisory Group LLC. If you have any questions about the contents of this brochure, please contact us at (800) 344-1430 or by email at: [precepttps@preceptgroup.com](mailto:precepttps@preceptgroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Precept Advisory Group LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Precept Advisory Group LLC's CRD number is: 152776*

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*Registration does not imply a certain level of skill or training.*

Version Date: 08/03/2021

## **Item 2: Material Changes**

This update to Precept Advisory Group's brochure amends and supersedes its brochure dated February 2, 2021.

This update reflects the following changes since Precept Advisory Group's last annual update to its brochure made February 2, 2021.

- Item 4.B has been updated to include a description about our new 3(38) discretionary advisory services.

This brochure reflects additional immaterial changes to the prior brochure, updating and/or clarifying its disclosures. Recipients of this brochure are encouraged to review it in its entirety.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Precept Advisory Group, LLC has been in business in California since January 2010 and the owner is McGriff Insurance Services, Inc.

### **B. Types of Advisory Services**

Precept Advisory Group, LLC (hereinafter “PAG”) offers the following services to advisory clients:

#### ***Investment Supervisory Services***

##### Overview

PAG offers investment advisory services to corporations or other entities regarding their pension plans, profit sharing plans, as well as, to the plan sponsors, related trusts and other plan fiduciaries regarding such plans.

For clients looking to establish a pension, profit sharing, or other retirement plan, PAG will provide retirement consulting services to the plan sponsor and other plan fiduciaries regarding plan design, investment options, selection of the plan administrator and record keeper, enrollment and educational services for plan participants, and other services based upon an analysis of the particular needs of the plan. Thereafter, PAG shall periodically conduct a review of the plan, the investment options offered by the plan to its participants, and any other items agreed to.

For clients with an established pension, profit sharing, or other retirement plan, PAG will initially perform a plan review and then provide the plan sponsor and other fiduciaries with a plan efficiency assessment and recommendations for plan enhancements, remediation of deficiencies, or changes that may be beneficial to the plan. Thereafter, PAG will provide services similar to those described above for newly established plans.

Fees for these services will be based on a percentage of Assets Under Management, Hourly fees, or Fixed fees.

##### 3(21) and 3(38) Fiduciary Services

The Employee Retirement Income Security Act of 1974 (“ERISA”) sets forth rules under which Plan Fiduciaries (i.e., plan sponsor) may retain investment advisers for various types of services with respect to plan assets. For certain services, PAG will be considered a fiduciary under ERISA. For example, PAG will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the plan sponsor by recommending a suite of investments as choices among which plan participants may select. Also, to the

extent that the plan sponsors retain PAG to act as an investment manager within the meaning of ERISA § 3(38), PAG will provide discretionary investment management services to the plan.

### 3(21) Services

When serving as an ERISA 3(21) investment advisor, the plan sponsor and PAG share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Agreement between PAG and the plan sponsor.

### 3(38) Services

When serving as an ERISA 3(38) investment manager, the plan sponsor is relieved of fiduciary responsibility for the investment decisions made by PAG. PAG is a discretionary investment manager in accordance with the terms of a separate ERISA 3(38) Agreement between PAG and the plan sponsor. PAG's investment management is limited in that it has the discretion solely to replace funds in plan fund lineups and initiate the transfer of existing balances to the replacements without prior approval from the plan sponsor.

PAG can provide the services identified in this Brochure on either a discretionary (3(38)) or non-discretionary (3(21)) basis. The particular services and level of authority provided will be detailed in Agreement.

### *Services Limited to Specific Types of Investments*

PAG limits its money management to mutual funds, equities, exchange-listed securities, separate accounts, stable value products, and collective trusts. In addition, PAG may use other securities to help diversify a portfolio, when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

PAG offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client's Investment Policy Statement which outlines each client's current situation and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may not impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs.

## **D. Wrap Fee Programs**

PAG does not participate in any wrap fee programs.

## **E. Amounts Under Management**

PAG has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$0.00	\$ 483670040.006	12/31/2020

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

Fees for our services may be charged as a percentage of assets, as an hourly fee, or as a flat fee. The amount and method for calculating fees are negotiated with each Client and confirmed in Exhibit II of the Investment Advisory Contract, or if the schedule has changed since the initial Agreement, then through supporting documentation.

#### ***Asset-Based Fees***

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
All Plan Assets	Up to 1.10%

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are typically paid quarterly, in arrears calculated on the value of assets in the account at the end of each calendar quarter.

#### ***Hourly Fees***

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$125 and \$500. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Investment Advisory Contract. Fees are paid in arrears based on actual hours rendered to a client account, and invoiced directly to the client. Because fees are charged in arrears, no refund is necessary.

#### ***Fixed Fees***

Depending upon the complexity of the situation and the needs of the client, the fixed fee for these services is between \$1,000 and \$500,000. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Investment Advisory Contract. Fees are paid

in arrears upon completion, or in installments negotiated with the client for the duration of the project.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees may be withdrawn directly from the client's accounts with client written authorization to the custodian. Fees are paid quarterly in advance and in arrears.

Advisory fees may be invoiced and billed directly to the client with payments due quarterly. Clients may select the method in which they are billed.

**Hourly** fees are paid via check or wire in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

**Fixed** fees are paid via check or wire quarterly, in arrears, or in installments negotiated with the client for the duration of a particular project.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by PAG. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

PAG collects fees in advance and in arrears. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check.

Under no circumstance do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither PAG nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **F. Early Termination**

Clients may generally terminate their contracts at any time upon no more than 60 days prior notice. Upon termination of the account, any prepaid fees will be refunded to the client on a pro-rata basis, and any unpaid fees will be due and payable. Such fees are prorated based on the number or days left in the billing period.

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

PAG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

PAG generally provides investment advice and/or management supervisory services to the following Types of Clients:

- ❖ Pension and Profit Sharing Plans
- ❖ Defined Contribution Plans
- ❖ Defined Benefit Plans
- ❖ 403(b)/457 Plans
- ❖ Non-Qualified Deferred Compensation Plans

### ***Minimum Account Size***

There is no account minimum.

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

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

#### ***Methods of Analysis***

PAG's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

**Charting analysis** involves the use of patterns in performance charts. PAG uses this technique to search for patterns to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.



**Technical analysis** involves the analysis of historical performance patterns, historical statistical variables, and other similar data points to aid in the evaluation of past experiences.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

### ***Investment Strategies***

PAG uses Long Term Trading, and Short Term Trading Strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Charting Analysis** involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using Charting Analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

**Technical analysis** utilizes past performance, statistical measures and other data points, which may not be representative of future performance and outcomes.

### ***Investment Strategies***

Long Term Trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short Term Trading, generally holds greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss, which you should be prepared to bear. Specific risks of our significant investment strategies include:

**Market Risk:** Overall equity and fixed income securities market risks affect the value of a client's portfolio. Factors such as domestic and international economic growth and market conditions, interest rate levels, and political events affect the securities markets.

**Fixed Income Risks:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk. These risks could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.

**ETF and Mutual Funds Risk:** ETFs and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of our investment strategies will be higher than the cost of investing directly in ETFs or mutual funds, as there are two levels of fees. ETFs and mutual funds are subject to specific risks, depending on the nature of the fund.

ETFs are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. ETF managers trade fund investments in accordance with fund investment objectives. ETF risk can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money) to a significant degree, or concentrate in a particular type of security (i.e., equities), rather than balancing the fund with different types of securities.

ETFs can be bought and sold throughout the day like stocks, and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day); however, there is no guarantee this relationship will always occur.

**The above list of risk factors is not intended to be a complete list or explanation of the risks involved in an investment strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different**

risk factors not discussed above.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither PAG nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither PAG nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Certain representatives of PAG are licensed insurance agents. From time to time, they may offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. PAG always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to purchase such services or products through any representative of PAG in such individual's outside capacities. The Firm's commitment to its clients and the Compliance Program we have adopted require the review of such arrangements and/or transactions by the CCO, and are designed to limit any interference with the Firm's or its supervised persons' independent decision making process.

Corey Alan Coleman is a President of ASPPA Benefits Council Great Northwest.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code and applicable federal securities laws are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

**D. Selection of Other Advisors or Managers and How This  
Adviser is Compensated for Those Selections**

PAG may recommend and/or select other investment advisers for its clients. No compensation is received directly or indirectly from those advisers, nor are there any business relationships with those advisers that create a material conflict of interest.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

PAG does not recommend that clients buy or sell any security in which a related person to PAG has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of PAG may buy or sell securities for themselves that they also recommend to clients. PAG will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

Such transactions are permitted if effected and reported in compliance with our Policy on personal securities transactions. Generally, personal securities transactions will not be pre-cleared when an order for the same or a related security is pending for your account. Our CCO, or his designee, reviews reports of personal transactions in securities by our personnel quarterly or more frequently if required.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of PAG may buy or sell securities for themselves at or around the same time as clients. PAG will trade client's non-mutual funds and non-ETF securities before they trade their own. PAG will always act in the best interest of the client.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. PAG will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

#### **1. *Research and Other Soft-Dollar Benefits***

PAG receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

#### **2. *Brokerage for Client Referrals***

PAG receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

PAG allows clients to direct brokerage. PAG may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage PAG may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

Investment advisers may elect to purchase or sell the same securities for several clients at the same time when they believe such action may prove advantageous to clients. This process is referred to as batch trading, or block trading. PAG does not engage in block trading. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage because we develop individualized investment strategies for clients, and holdings may vary.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly only by Vincent Ko. Vincent Ko is the Chief Compliance Officer, and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at PAG are assigned to this reviewer.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's investor profile (such as mergers & acquisitions, changes in eligible employees, average participant investment knowledge, etc.).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least a quarterly written report detailing the client's account which may come from the custodian.

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

#### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

PAG does not receive any economic benefit, directly or indirectly from any third party for advice rendered to PAG clients.

#### **B. Compensation to Non -Advisory Personnel for Client Referrals**

PAG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

PAG does not take custody of client accounts at any time. Possession and custody of funds and/or securities is maintained by an independent custodian selected by the client. Clients will receive account statements from the custodian and should carefully review those statements.

### **Item 16: Investment Discretion**

PAG does not have discretion over client accounts at any time.

## **Item 17: Voting Client Securities (Proxy Voting)**

PAG will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

PAG does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither PAG nor its management have any financial conditions likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

PAG has not been the subject of a bankruptcy petition in the last ten years.