

Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of The Asset Advisory Group, Inc. (TAAG or The Asset Advisory Group) If you have any questions about the contents of this brochure, please contact us at: (513) 771-7222, or by email at: info@taaginc.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 TAAG is available on the SEC's website at www.adviserinfo.sec.gov. The CRD number for TAAG is 107929.

March 30, 2021

Material Changes

Introduction

TAAG will provide its clients with a summary of any material changes to this Brochure within 120 days of the close of TAAG's fiscal year. TAAG may provide other ongoing disclosure information about material changes as necessary.

Material Changes since the Last Amendment on May 13, 2020

In addition to mutual funds, TAAG will also use Exchange Traded Funds (ETFs) to implement our investment strategy for clients. We have updated the following sections to include ETFs:

- Fees and Compensation
- Methods of Analysis, Investment Strategies and Risk of Loss
- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
- Brokerage Practices

Table of Contents

Material Changes.....	i
Introduction	i
Material Changes since the Last Update	i
Advisory Business	1
Company Overview.....	1
Types of Advisory Services Offered.....	2
How We Tailor Our Client Relationships.....	4
Client Assets Managed	4
Fees and Compensation.....	5
How We Are Compensated	5
How We Collect Our Fees	6
Other Fees and Expenses	6
Termination of Services	6
Performance-Based Fees	7
Sharing of Capital Gains	7
Types of Clients.....	8
Description	8
Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Our Investment Philosophy.....	9
Our Investment Strategy	9
Risk of Loss	10
Disciplinary Information	11
Legal and Disciplinary Events	11
Other Financial Industry Activities and Affiliations	12
Financial Industry Activities.....	12
Affiliations	12
Code of Ethics.....	13
Participation or Interest in Client Transactions.....	13
Personal Trading.....	13
Selecting Brokerage Firms.....	15

Soft Dollars	15
Brokerage for Client Referrals.....	15
Directed Brokerage	15
Order Aggregation	15
Periodic Reviews	17
Review Triggers.....	17
Regular Reports.....	17
Client Referrals and Other Compensation	18
Incoming Referrals.....	18
Referrals Out	18
Custody.....	19
Account Statements.....	19
Performance Reports.....	19
Investment Discretion.....	20
Discretionary Authority for Trading.....	20
Limited Power of Attorney.....	20
Voting Client Securities	21
Proxy Votes	21
Financial Information	22
Financial Condition	22

Advisory Business

Company Overview

The Asset Advisory Group, Inc. (TAAG or The Asset Advisory Group) is an independent wealth advisory company that was founded in 1988 by Jeannette Jones, and incorporated January 1996. Jeannette Jones and Chip Workman are the owners of the company.

Our mission is to provide financial guidance to enhance the well being of individuals and families, and we always do this by placing the interests of our clients first. TAAG provides personalized investment management and financial planning services to individuals, their trusts and estates. These services include:

1. Clarifying financial objectives and identifying financial concerns.
2. Planning for retirement and other goals.
3. Designing an investment plan to reach client goals.
4. Managing investments.
5. Tax planning and coordination with client's CPA.
6. Estate planning and coordination with client's attorney.
7. Providing assistance with other financial decisions that arise throughout a client's lifetime.

TAAG is a fee-only financial planning and investment advisory firm, therefore we do not sell commissioned products. We are not affiliated with entities that sell financial products or securities, and do not receive commissions, referral or finder's fees in any form. Our only compensation comes from the fees our clients pay us.

Types of Advisory Services Offered

TAAG provides three levels of advisory services to meet the needs of our clients throughout their lives:

Wealth Foundations

Our Wealth Foundations service is designed for younger individuals and families who want to build a strong foundation for their financial futures. TAAG provides ongoing investment management services, financial planning, and fundamental financial guidance to answer questions that arise in their lives, such as:

1. How should I allocate my 401(K) plan?
2. How much life insurance do I need?
3. What wills, trusts and other estate planning documents do I need to have in place?
4. How much should I be saving for my kids' educations?
5. How will changing jobs impact my financial future?

Once a year we meet to review their financial plan to ensure they remain on track to meet their goals. In between meetings, an advisor is available anytime for questions and adjustments to the plan.

Wealth Building

Our Wealth Building service is designed for individuals and families who have their basic financial needs in place but would like to make the most of the next stage of their lives. These clients receive ongoing investment management services, financial planning, assistance with questions that arise, plus help with specific issues that may need to be addressed as they approach retirement, the sale of their company, or other financial changes. Questions we address may include:

1. How do I create an income plan for retirement?
2. What is my succession strategy for my company?
3. How do I develop a spending plan for my new life?
4. How do I minimize the impact of taxes on my investments?
5. What do I need to do to prepare for this change?

Twice a year we meet to review their plan to manage their financial transition.

Wealth Management

Our Wealth Management service is tailored for people who are only a few years from retirement, receiving a legacy from a family member, or already financially independent. For people in this stage of life, TAAG provides ongoing investment management services, financial planning, tax and estate planning. Regularly scheduled meetings are held to review their financial situation and ensure their plans remain financially sound. Clients have continuous access to their advisor, who coordinates TAAG's work with their CPA and attorney and acts as a resource for questions that arise. We address all the issues covered for our other clients as well as additional concerns, including:

1. How do I determine my optimum Social Security election?
2. How do I protect myself from the possibility of high health care expenses?
3. How do I leave a legacy for my community and my family?
4. How should my investments change to meet my needs as I get older?
5. How do I manage my lifestyle to remain independent?

Meetings are held quarterly to update the plan and ensure the client's financial situation is sound. In addition, joint planning meetings may be held with the client's CPA and attorney. After the first year, the client will determine the meeting frequency.

How We Tailor Our Client Relationships

Financial Planning

We use a comprehensive discovery process to obtain a holistic view and thorough understanding of our clients' goals and objectives. The goals and objectives for each client are documented in our client relationship management system, within the client's financial plan, and meeting notes. Once documented, these goals and objectives are used to tailor the planning work we do for each client and are updated to reflect changes in their lives. Clients can also dictate how frequently they wish to meet and their preferred methods of communication with us.

Investment Management

Recommendations regarding investments are made to clients only after reviewing their current investments, their ability and desire to handle risk, personal goals and objectives, and other relevant information acquired through personal interviews and questionnaires.

Investment Policy Statements (IPS) are created that reflect the stated goals and objectives of the client's portfolio. Clients may impose restrictions on investing in certain securities or types of securities and these are documented in the IPS as well. Investment portfolios are managed at the individual client account level, so trades are placed based on each client's specific tax situation, cash flow needs, and other considerations.

Client Assets Managed

As of December 31, 2020 TAAG managed \$ 348,703,194 _____ in total client assets. Approximately \$ 332,575,930 _____ is managed on a discretionary basis, where TAAG places trades under a limited power of attorney on behalf of its clients, and \$ 16,127,264 _____ is managed on a non-discretionary basis.

Fees and Compensation

How We Are Compensated

Fees from clients are TAAG's only compensation, which helps eliminate conflicts of interest.

Fees are charged at the end of each quarter, based on the service level selected and the total market value of the client's assets under management (if any) at the end of the reporting period (March 31, June 30, September 30 and December 31). Fees are pro-rated for the first partial quarter when a new account is opened.

Client portfolios are managed under the following fee structure for all clients:

<u>Market Value of Portfolio</u>	<u>Quarterly Rate</u>	<u>Annual Rate</u>
First \$1,000,000	0.2500 %	1.00 %
Next \$1,500,000	0.1875 %	.75 %
Next \$2,500,000	0.1250 %	.50 %
Over \$5,000,000	0.0625 %	.25 %

When the assets managed do not result in fees at or above the minimum threshold, clients are subject to a minimum quarterly fee according to the service level that applies to their situation:

Wealth Foundations

Wealth Foundations clients are billed a minimum quarterly fee of \$625.

Wealth Building

Wealth Building clients are billed a minimum quarterly fee of \$1,250.

Wealth Management

Wealth Management clients are billed a minimum quarterly fee of \$2,500.

TAAG reserves the right to waive the minimum annual fee, aggregate family accounts to reach lower fee tiers, or reduce the overall fee under special client circumstances.

How We Collect Our Fees

Our fees are charged quarterly, in arrears, after services have been performed and the billing period has ended. Fees are deducted from designated client accounts. Clients must consent in advance for Fidelity or Schwab to deduct the fees from their account and the fees will be clearly noted on the client's statements. Neither Schwab nor Fidelity is responsible for the accuracy of the fee calculation.

In cases where we provide ongoing financial planning services but do not provide discretionary investment management services, we will bill the client in lieu of deducting their fee from an investment account.

Other Fees and Expenses

TAAG recommends a qualified third-party custodian to hold client accounts and to ensure an independent accounting and valuation of assets. Clients may select Fidelity or Schwab to hold their accounts for portfolios that TAAG manages. As custodians, Fidelity and Schwab charge transaction fees on purchases and sales of securities such as mutual funds, stocks and Exchange Traded Funds (ETFs). TAAG does not receive any portion of these transaction charges.

Mutual funds and ETFs charge a management fee and also incur other fees. These fees are included in the expense ratios of mutual funds and ETFs, and is an additional cost to clients. Complete details of these fees and expenses are explained in the prospectus. TAAG exclusively recommends no-load mutual funds and ETFs, and their fees are not shared with TAAG.

TAAG works to minimize the transaction fees on client accounts and overall costs through reasonable trading of no-load, institutional mutual funds and ETFs.

Termination of Services

Clients or TAAG are permitted to terminate their agreement for services at any time with written notice. At termination, fees will be pro-rated through the date of cancellation and charged to the client's account before assets are transferred away from TAAG's management for the portion of the quarter completed. The portfolio value as of the date of notification of the termination will be used as the basis for the fee calculation. Financial planning clients will be pro-rated for the quarter completed as well.

Performance-Based Fees

Sharing of Capital Gains

To avoid potential conflicts of interest, TAAG does not charge a performance-based fee, which is a fee based on the capital gains or capital appreciation of a client's funds.

TAAG does not use a performance-based fee structure because this form of compensation may create an incentive for TAAG to recommend investments that carry a high degree of risk to the client, in the hopes that accounts will experience significant gains, and therefore higher fees.

Types of Clients

Description

TAAG focuses on serving individuals, families, their trusts and estates.

TAAG feels that it is important for an investment advisor and its clients to have a good working relationship. To meet this goal, we hold an initial meeting, free of charge, for any individual interested in using our services. In this meeting we discuss what they are looking for in an advisor, our investment philosophy, their financial concerns and goals, and other issues to determine whether we might be a good fit.

If the potential client wants to proceed, we then prepare an initial set of recommendations, and further explanation of our financial planning and investment processes, and present this in a second meeting – also free of charge. Once this meeting is held, and both the individual and TAAG are in agreement, they will become a client.

TAAG does not require potential clients to meet a minimum investment net worth requirement, however we do require a minimum annual fee for each of our service levels. Wealth Foundation clients with accounts below \$250,000; Wealth Building clients with accounts below \$350,000, and Wealth Management clients with accounts totaling less than \$1,000,000 will therefore pay a higher annual percentage rate than 1%, our highest stated rate.

TAAG reserves the right to waive the minimum annual fee, aggregate family accounts to reach lower fee tiers, or reduce the overall fee under special client circumstances.

Methods of Analysis, Investment Strategies and Risk of Loss

Our Investment Philosophy

We believe that investment markets are efficient over the long term. Thus, we believe the most important factors in determining your investment returns are how your assets are allocated, and how you respond to changes in the market.

Using information gathered from our clients via risk questionnaires, client-provided financial data, and discussions about goals and concerns; we develop an investment allocation that is a blend of what they can tolerate emotionally, and what they need to accomplish financially to meet their goals. We believe in setting realistic expectations and do not promise the unachievable.

We do not move in-and-out of the market based on predictions of the market's future direction, invest in "hot" sectors, or chase the next best mutual fund or stock because we do not believe these tactics work. Instead, after determining your appropriate asset allocation, we implement your investment plan using institutional mutual funds and ETFs with the goal of capturing as much of the markets' returns as possible while trying to minimize risk.

Our Investment Strategy

To implement our investment strategy, we use institutional mutual funds and ETFs designed to capture the return behavior of entire asset classes. This differs from a traditional passive management approach in which indexes are merely replicated. Rather than simply tracking traditional market indexes, we use funds that are designed to capture specific dimensions of risk identified by historical financial research.

Generally, we rebalance our client accounts back to their original asset allocation when they stray more than 20% from their target for each asset class. This discipline helps provide opportunities to buy low and sell high without the need to forecast the movement of the markets and allows our clients to use market volatility to their long-term advantage.

The investment strategy for each client is based on their asset allocation documented in their individual Investment Policy Statement. Decisions to buy or sell investments are made at the individual client account level, to address cash flow and tax considerations.

When transitioning a client's investment portfolio out of a concentrated stock position, other strategies that may be used include covered option writing and limit orders.

Risk of Loss

As we work with clients to develop long-term investment plans, we educate them about the various risks that are involved in investing. All investment securities, including mutual funds and ETFs, contain a risk of loss of income and principal. Clients should not assume that future performance of any specific investment or investment strategy, including those recommended by TAAG, will be profitable or achieve any specific performance level. Additionally, investing in mutual funds and ETFs carry risks that may include, but are not necessarily limited to market risk, interest rate risk, issuer risk, and general economic risk.

Disciplinary Information

Legal and Disciplinary Events

TAAG and its employees have not been involved in any legal or disciplinary events related to past or present clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

TAAG is not registered as a broker-dealer and no advisors within the company are registered representatives of a broker-dealer. Our company does not sell any commissioned products or securities. Our only compensation comes from our clients' fees.

Affiliations

TAAG has no arrangements with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading advisor, futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

TAAG does not receive any compensation from other investment advisors or from the investment companies that we use to implement our client investment plans.

TAAG is a fee-only financial planning and investment management firm that places its clients' interests first. The firm does not sell annuities, insurance, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions, referral or finder's fees in any form are accepted. Our only compensation comes from our clients' fees

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

As a fiduciary, TAAG has the duty to act solely in the best interests of each of our clients. This fiduciary duty is the core principle of our company's Code of Ethics and is the basis of all our dealing with our clients.

The Code is designed to ensure that the high ethical standards maintained by TAAG continue to be applied. The purpose of the Code is to preclude activities that might lead to, or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct.

TAAG and its employees are subject to the following specific fiduciary obligations when dealing with our clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for a client's transactions when we are in a position to direct brokerage transactions for our client;
- The duty to ensure that investment advice is appropriate for the client's objectives, needs and circumstances;
- The duty to be loyal to clients; and
- The duty to treat all clients equally.

A complete copy of the Code of Ethics is available on request.

Participation or Interest in Client Transactions

TAAG and its employees do not recommend investments in which any employee or related individual has a material financial interest.

Personal Trading

Our client investment strategy is implemented using primarily mutual funds and ETFs, and TAAG and its employees may invest in the same securities as its clients.

Mutual funds are bought and sold at their net asset value that is derived at the end of each business day. This mitigates the conflicts of interest with employees investing in the same mutual funds as clients because all investors buy and sell at the daily net asset value. Because ETFs are exchange traded, we have procedures in place to monitor our employees' investments in ETFs to help ensure there are no conflicts of interest with employee personal trades and client trades.

Brokerage Practices

Selecting Brokerage Firms

TAAG generally recommends Fidelity Investments (Fidelity) or Charles Schwab & Company (Schwab) to act as custodian of our client investment accounts. Factors we consider when recommending a custodian include their ability to hold the institutional investments we use to implement our investment strategy, and each custodian's financial strength, reputation, execution, pricing, and service, among other relevant factors. The Asset Advisory Group does not receive fees or commissions from either Fidelity or Schwab.

Soft Dollars

TAAG and its employees do not receive any financial compensation from brokerage referrals, nor does it receive any targeted or customized research. TAAG does not have any formal soft dollar arrangements. TAAG will receive general research reports from both Fidelity and Schwab that all such investment advisors receive when utilizing the same custodial services.

Brokerage for Client Referrals

The Asset Advisory Group does not participate in any broker-dealer referral program, and therefore their decision to use one firm over another is not influenced by this benefit.

Directed Brokerage

The Asset Advisory Group's policy is not to accept advisory clients' instructions for directing a client's transactions to a specific broker-dealer (other than the client's initial decision to custody their accounts with Fidelity or Schwab). We feel this policy achieves the most favorable execution of all client transactions and is less costly to clients overall.

Order Aggregation

If we decide that aggregating client orders (block trading) for more than one client is in the best interests of those clients, we will effect the transaction and allocate shares from the block trade in a fair and equitable manner. Executing a block trade

allows transaction costs to be shared equally and on a pro rata basis among all of the participating clients. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

Review of Accounts

Periodic Reviews

Account and financial plan reviews are performed by each advisor. These reviews are performed prior to client meetings, in connection with the quarterly reporting process, and at least annually for all financial plans. In addition, investment account reviews are conducted weekly for all clients, and more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review of a client's financial plan or investment strategy are changes in a client's financial needs, changes in their personal circumstances, and income or estate tax changes.

Regular Reports

Clients receive monthly updates on various investment and financial planning issues that are sent out according to the client's preferred method of communication.

As mentioned previously, TAAG recommends independent, qualified custodians to hold client assets. Custodians directly provide clients with account statements at least quarterly.

In addition, TAAG provides quarterly investment performance reports with portfolio performance information, benchmark data for comparison, investment holding details, and a written cover summary of the quarter.

Client Referrals and Other Compensation

Incoming Referrals

TAAG has been fortunate to receive many client referrals over the years. These referrals come from current clients, attorneys, accountants, personal friends of employees and other sources. The firm does not compensate referring parties for these referrals.

Referrals Out

TAAG does not accept referral fees or any form of compensation from other professionals when a prospect or client is referred to them.

Referrals are made out to other professionals only when TAAG feels that they are the best qualified to help our clients.

Custody

Account Statements

All client assets are held at qualified custodians: Fidelity or Schwab. These custodians provide account statements directly to clients at their address of record at least quarterly. In addition, clients have access to their account activity, balances and other information via both custodian websites at all times.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the quarterly performance reports provided by TAAG.

Investment Discretion

Discretionary Authority for Trading

In order to implement our investment services described under **Our Investment Strategy**, TAAG obtains discretionary investment authority to allow us to place trades in client accounts on their behalf, so that we may promptly implement the investment policy that they have approved in writing.

Once an Investment Policy Statement has been developed and signed by the client, TAAG has the authority to buy and sell holdings to bring the portfolio back into balance with its original targeted allocation.

For any account or for any individual securities designated as Non-Managed, an advisor will consult with the client to obtain agreement before executing any trades.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. When paperwork is prepared to open an account at the chosen custodian, clients who give us discretion over their assets will sign a limited power of attorney so that we may execute trades needed to implement their Investment Policy Statement.

Voting Client Securities

Proxy Votes

Clients have exclusive voting authority over the securities in their account but may choose to delegate that authority to TAAG. We have adopted and implemented proxy voting policies and procedures designed to ensure that proxies are voted in the best interests of clients. When TAAG is required to vote proxies on behalf of a client, we will review the proxy materials and any other necessary materials and determine the vote. TAAG does not consider its own interest as an investment adviser in making proxy voting decisions for clients. If a conflict were to arise between TAAG and client interests with respect to a matter submitted to shareholders, we would retain an independent service, if deemed necessary, to vote the proxy in the client's best interest or otherwise discuss the best course of action with the client. A client may contact us to obtain our Proxy Voting Policy and information as to how we voted securities for that particular client.

Financial Information

Financial Condition

As a result of the COVID-19 crisis, the U.S. federal government made the Payment Protection Program (“PPP”) available to small businesses to pay their employees and cover certain other core expenses. Subject to certain conditions, the loan is forgivable and open to any business with 500 or fewer employees. Borrowers must certify that economic uncertainty makes the loan necessary to support their ongoing operations and that the loan proceeds will be used to retain workers and pay other core expenses. The SEC has issued guidance that registered investment advisers that participate in the PPP should disclose the circumstances leading the firm to seek a PPP loan.

Since our fees are based on assets under management, the 2020 market turmoil caused The Asset Advisory Group (TAAG) to lose revenue. TAAG applied for and received a PPP loan because of social and market conditions and ongoing uncertainty regarding the length and severity of the COVID-19 crisis. We determined that it was in the best interest of our employees and clients to participate in the PPP. We used the loan to avoid layoffs, pay staff and cover utilities and other expenses permitted under the PPP guidelines. The PPP loan ensured there were no interruptions in our ongoing operations over the eight weeks after the receipt of the loan. The PPP loan has been forgiven.

TAAG does not serve as a qualified custodian for client funds or securities and does not require prepayment of fees.