

**ADVISED ASSETS GROUP, LLC**

**Disclosure Brochure**

**Online Advice & Professional Management Program**

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March 30, 2021

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 under the Investment Advisers Act of 1940 (“Advisers Act”). Registration of AAG does not imply any level of skill or training. Additional information about AAG is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 - Material Changes**

This section of the Brochure highlights and discusses any changes that were made since AAG's last update dated March 30, 2020. This Brochure was updated to address any out-of-date information.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 a registered investment adviser under the Advisers Act since 2000. It 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 all account holders of the Empower Premier IRA (“IRA holder” or “account holder”). AAG also offers investment management services to retail brokerage account holders. AAG does not choose the investments offered in employer-sponsored retirement plans. AAG serviced plans receive recordkeeping services through Empower Retirement, LLC (“Empower Retirement”), the recordkeeping entity affiliated with AAG. AAG’s sub-advisory relationship with FEA does not currently provide for investment management and advisory services to IRA holders. More information about AAG’s services, including an applicable brochure, 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 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 has voting control of Power Corporation, through a group of private holding companies it controls.

### **Types of Services**

As part of its sub-advisory relationship with FEA, AAG 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, both of which are 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.”

FEA can also advise with respect to collective trusts and insurance products if a plan sponsor offers those products with the investment lineup.

**There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.**

### **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 Santa Clara, California. A copy of FEA’s 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 for allocation of assets within Member accounts. The methodology is designed to provide personalized and diversified investment recommendations for Members. Procedurally, FEA considers a variety of inputs, including desired retention of company stock (up to 20%), risk preference, asset class exposure limitations, assets held outside the plan and desired retirement age. FEA may also take into consideration certain client holdings outside the retirement plan as part of its analysis where such information is provided by Members.

#### **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 likely to be generated based on the information provided by a Member;

- A forecast of the likelihood that a Member will achieve their self-reported retirement income or account value goals; taking into consideration the total household investment portfolio as known by the program;
- Recommendations among the investment alternatives available in the employer-sponsored retirement plan (generally mutual funds, other investment company securities, and sometimes, one or more equity securities issued by the plan sponsor); and
- Guidance on savings rate and retirement age.

Members may use OA as frequently as they choose to monitor progress toward their retirement goals, receive forecasts and investment recommendations, and access available educational content. 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 holdings, 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.**

For certain Members, some account information may be updated automatically when the client revisits Online Advice if AAG has an established electronic communications link with the Member's plan sponsor and/or plan provider or other financial institution. For manually added and linked accounts, AAG relies on Members to provide ongoing and updated data either by logging in to refresh a linked account or by manually updating accounts that were added manually.

OA offers Members investment analysis of mutual funds and stocks in the form of Scorecards. The 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, that personalizes each portfolio to fit the Member's needs and the specific characteristics of the plan by 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, including the goal of providing steady income through retirement.

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 their likelihood of achieving their self-articulated retirement goals;
- Periodic portfolio monitoring;
- Quarterly Retirement Updates outlining, among other things, how the account is performing against goals;
- Phone access to investment adviser representatives via a toll-free number as well as online account access; and
- Non-discretionary investment advice on retirement accounts outside the plan account.

Professional Management Members authorize AAG to direct the plan provider to execute transactions on a discretionary basis to move toward the account's allocation target (and to otherwise manage the account) without prior approval of each transaction. 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, 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.

Members who enroll in Professional Management grant AAG the discretionary authority to determine an allocation target for the plan account based upon a variety of inputs provided to AAG. This discretionary authority allows AAG to allocate the Member's plan account among the menu of investment alternatives that have been selected by the plan or plan sponsor, typically excluding any brokerage window option (if applicable) or other plan restricted investments. To allow AAG to provide Professional Management, the plan provider supplies information about each Member and the plan account. Professional Management Members may provide additional information to the program concerning a variety of inputs, including desired retention of company stock (up to 20%), risk preference, asset class exposure limitations, assets held outside the plan and desired retirement age. AAG may also take into consideration certain client holdings outside the retirement plan as part of its analysis where such information is provided by the client.

The program determines an investment strategy and an allocation target based on a Member's current age, an assumption about the retirement age, the available investments for the account, any pension plan information provided, an assumption about risk tolerance that is based on the Member's current age and assumed retirement age, the Member's current portfolio allocation, and any additional information provided by the Member. Additional information provided by the Member may modify these parameters.

During the period following enrollment, the program determines how to transition the account toward the allocation target and directs AAG regarding allocation of the account (which may include transfer or exchange directions). The program provides directions regarding new contributions to the account. Accounts of then-current Professional Management Members newly eligible for the Income+ feature of Professional Management 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.

### ***Income+***

Members may also, if their plan provider has elected to offer this service, access the program's "Income+" feature. This service provides certain portfolio management and income payout options to retirees and near retirees from their 401(k) or similar plan account. For those who elect this feature, prior to retirement, the program manages the Member's portfolio to balance between safety and growth, seeking to protect the ability of the account to generate future income. Once the Member is retired, Income+ seeks to manage investments and to create payouts that could generally last into the Member's early 90s. Upon request, in addition to managing the investment allocations in such accounts, AAG will work with the plan provider to calculate and facilitate withdrawals from the Member's plan account post-retirement.

Members pay no additional fees for the Income+ feature, and they can transition to an Income+ portfolio either automatically (upon eligibility) or at their request (as defined, in part, by the agreement between AAG and the relevant plan sponsor). An account balance is maintained for an 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+ to its participants. While AAG may provide general educational information regarding an out-of-plan annuity, it does not sell or distribute annuities and does not receive any compensation related to out-of-plan annuity purchases.

Income+ availability is subject to establishment of certain data connectivity arrangements between AAG and the applicable plan provider and 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 plan participants with a Retirement Evaluation. The Retirement Evaluation is delivered in printed or electronic format to specified plan participants who have not enrolled in the service, and is designed to communicate some (or all) of the following information:

- A summary of the current value of the plan participant's plan account;
- A forecast of how much the plan account investments, and other investments that plan participants submit for analysis, might be worth at retirement;
- Whether a change is suggested to the plan participant's 's contribution rate, their portfolio's risk and diversification, unrestricted company stock holdings, target date usage, and/or investment style and allocation;
- Investment proposals; and
- A projection of how much the plan participant's annual income at retirement, based on how much the plan account, 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: 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 approval for loans and distribution withdrawals.

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 managed assets. 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 cancel 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 plan participant's asset allocation will remain the same as established in PMP ***unless and until*** the plan 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, and account balances 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. The individual is also responsible for all communications service fees and charges incurred when accessing these services. AAG shall not bear any responsibility for either errors or failures caused by the malfunction of any computer, communication systems, computer viruses, or related problems that may be associated with the use of the services.

#### **Assets Under Management**

With respect to the services provided by AAG, as of December 31, 2020:

Discretionary investment management among all services (including the PMP described herein) in the amount of:	\$58,486,761,787
Non-discretionary investment advisory services among all services in the amount of:	\$3,787,221,958
Total discretionary and non-discretionary investment management and advisory services in the amount of:	\$62,273,983,745

#### **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-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 possible occurrence of the Reset Date, as defined below. For some plans, participation in PMP is determined by dividing the number of plan 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"). 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. Service setup fees may also be assessed 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. ("GWFS"), for which it may receive compensation in the form of 12b-1 fees, other compensation from mutual fund companies, or from the other investments that may be available as program investment options.

A Member 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.

AAG's representatives may recommend that you use the FEA services. If you elect to use the FEA services, AAG will earn additional compensation.

### **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 Empower Retirement provides recordkeeping services. Members typically 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.

AAG may also be engaged by individuals to provide investment advisory services within or alongside an IRA or a retail brokerage account.

### **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 for 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. The methodology may also provide calculations for retirement plan installment distribution amounts.

#### **Methodology Overview**

FEA's investment philosophy is guided by certain basic principles, including:

- Developing diversified portfolios that feature a range of asset classes and market sectors;



- Utilizing holdings that strike a balance between those that are the most cost-effective and those that we forecast may offer added return;
- Maintaining investment strategies, and often individual investments, longer term;
- Strategically reallocating investments as conditions warrant and as goals, time frames or other material realities of members change; and
- Periodically rebalancing as needed to ensure long term commitment to overall strategies and allocation targets.

On a member level, FEA's recommended or managed portfolio allocations are driven by many factors. Some of the key factors include:

- 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.

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.

Although FEA may recommend more frequent trading or holding assets short-term in certain circumstances, frequent and/or short-term trading strategies are generally avoided. Based on that, it is anticipated that the primary advice will reflect strategies geared towards consistent and long-term strategies and holding periods. At times, however, there may be reasons to effect changes within an account. Reasons for reallocations to new or different allocations, or for tweaking existing portfolios, 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 relative percentage for that asset category or investment product, 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 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 manner.

The methods of analysis and investment strategies applied to services offered to Members through the workplace depend in part on their stated goals. For Members on the growth objective, the program recommends portfolio allocation that is designed to maximize expected returns in a manner consistent with the Member's stated risk level. For Members on the income objective, the program recommends a portfolio allocation 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, many portfolios will satisfy its criteria for an appropriate investment strategy and allocation. This set of portfolios that offer the highest expected return for various levels of risk is 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 portfolio turnover, concentration, risk and expected return, and number of positions and transactions, among other factors.

Available investment alternatives may be designated by the plan sponsor or other plan fiduciary (in the case of a defined contribution plan account), or by a financial institution. Undesignated investments or securities may have characteristics similar or superior to those available investment alternatives being analyzed. Neither FEA nor AAG has authority or responsibility to select 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, or to monitor the adequacy of the investment alternatives .

### 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 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 carefully consider to the benefits of a well-balanced and diversified investment portfolio. Market or other economic conditions that cause one category of assets to perform very well often cause another asset category to underperform. 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 or asset category:

- **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, a sector of the economy, a country or geopolitical region, or the market as a whole. Market risk 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:** 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 impact the performance of the issue along with 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. When interest rates decline, market values rise. The longer bond maturity results in the greater risk and the higher yield. Conversely, the shorter bond maturity results in the lower risk and the lower yield.
- **Inflation Risk:** When any type of inflation is present, purchasing power may erode at the rate of inflation.
- **Reinvestment Risk:** 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 because they are listed on a public securities exchange and are purchased and sold via the exchange at the listed price. The 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 an inactive 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 them to have a "floating" value per**

share. A floating value may be more or less than \$1.00 per share (depending on market conditions) and 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 investment options. It is the Member's responsibility to read 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, GWLA, 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 registered 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.

#### **Recordkeeping and Administrative Services Company**

*Empower Retirement, LLC ("Empower Retirement")* is a comprehensive administrative and recordkeeping services provider for financial institutions and employers, which include educational, advisory, enrollment, and communication services for employer-sponsored defined contribution plans and associated defined benefit plans under Internal Revenue Code Section 401(a), 401(k), 403(b), 408, and 457.

#### **Insurance Companies**

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

*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 where GWLA is the sole owner of both AAG and GWL&ANY. GWL&ANY, pursuant to a 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 GWLA. 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 GWLA. 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 and is the custodian of all Empower Retirement IRA accounts.

#### Investment Company

*Great-West Funds, Inc.* ("*Great-West Funds*") is an investment company affiliated with AAG. It is registered under the Investment Company Act of 1940. 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 GWLA. 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 that invest in certain funds of 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 Managers Limited* – a Dublin, Ireland based, SEC registered investment adviser ("*ILIM*"). 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 companies including GWLA and PIM. ILIM is a wholly owned subsidiary of GWLA which in turn is an indirect, wholly owned subsidiary of GWL which controls ILIM. ILIM manages the index-series of GW Funds.

*Personal Capital Advisors Corporation* ("*Personal Capital*"), an affiliate of AAG, is wholly owned by Personal Capital Corporation. Personal Capital Corporation is wholly owned by Empower Holdings, LLC, a wholly owned subsidiary of GWLA. Personal Capital is an investment adviser registered under the Investment Advisers Act of 1940. It provides investment management services and financial planning services to various clients.

#### **Branding**

The affiliated companies of AAG, GWCM, GWFS, GWLA, GWL&ANY, Great-West Funds, Empower Holdings, LLC, Empower Retirement, LLC, 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.

#### **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 under which AAG receives advisory services fees for providing advisory services to retirement plan clients.

AAG mitigates these conflicts of interest related to affiliated investment options by utilizing FEA as sub-adviser that remains independent from AAG and its related persons in their methods of analysis and investment strategies. FEA's methodology also controls the investment allocations and recommendations. A Member 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.

#### *Conflicts relating to fund recommendations:*

The Services operate by recommending or allocating a user's assets to funds available within a plan. The funds available for AAG's recommendations within a plan are generally established by the plan sponsor/client through which the Services are delivered, rather than by AAG. In some cases, the investment options may include or be comprised solely of investment options

sponsored by AAG's affiliates. In other cases, the investment options may make third party payments described below. When this occurs, AAG's affiliates may receive additional compensation as a result of AAG's recommendations or allocations. These forms of additional affiliate compensation are:

- *Proprietary investment funds.* AAG's affiliates offer proprietary investment funds, and AAG may recommend or allocate assets to our affiliates' proprietary investment funds, including proprietary mutual funds and collective investment trusts. These proprietary investment funds generate additional investment management fees to AAG's family of companies. This is because AAG's affiliates provide investment management services to the proprietary fund, for services like administering, managing, and supervising these funds. For example, a Member using the Services will pay advisory fees to AAG and indirectly to GWCM if Great-West Funds are included in the retirement plan investment options, and AAG recommends an allocation to a Great-West Funds product. The fees paid to GWCM for management of the Great-West Funds are included in the fund share price.
- *Proprietary insurance products.* AAG's parent company, GWLA, offers proprietary insurance products for investment. AAG may recommend or allocate your assets to different types of GWLA insurance products and funding agreements. The majority of GWLA insurance products are annuity contracts that are structured either as a "general account" product or as a "separate account" product. If you invest in a general account product, which is an insurance product backed by the general account of an insurance company, AAG's affiliates generate revenue by retaining spread (which is the difference between actual earnings on contracts offered by the insurer) and the crediting rate declared and guaranteed by the insurer through the contract. AAG's affiliates may also receive different types of fee income if you invest in the general account or separate account products, as well as other third-party payments associated with investments held in the separate account.
- *Third Party Payments.* AAG's affiliates may receive payments from other firms, non-proprietary investment funds or products, or providers, such as revenue sharing payments, in connection with the investments made pursuant to our recommendation or investment management.

*Conflicts related to increased use and promotion of the Services:*

- *Increased advisory fee income.* AAG's representatives may recommend that you use the Services. If you enroll in certain Services, AAG will earn additional compensation.
- *Increased affiliate fee income.* When you use the Services, AAG may recommend you increase contributions or utilize other savings or investment strategies. AAG's affiliates provide a bundle of recordkeeping, trust, custody, brokerage, investment and other related services to retirement plans and to IRA products. If you pay for these related services through an arrangement where our affiliates charge a direct fee, AAG's affiliates may receive additional fees for these services. These additional result from AAG's recommendations, because you may contribute, invest, or transact in more assets with AAG's family of companies.
- *Representative Compensation.* AAG has authorized GWFS, an affiliate of AAG, and its licensed agents and registered representatives who are Empower Retirement employees (collectively referred to as "Agents") to solicit, refer and market AAG's services. In addition to their salary, Agents may earn bonus compensation based upon engaging plan sponsors to offer AAG's services. Other Agents and AAG representatives may be indirectly compensated through bonus compensation, in addition to their salary, for communication, education and/or assisting plan participants to enroll in AAG's Services. Compensation paid to Agents or AAG representatives does not increase the fees paid by the plan, plan sponsor, Members and/or account holders. The incentive compensation an AAG representative receives depends on position type, but generally is calculated based on Empower Retirement and/or GWLA profitability and the achievement of individual performance goals that consider factors unrelated to an account holder's adoption of investment products or services offered through Empower Retirement.

Agents and AAG representatives' individual performance goals and their related incentive compensation is based on a combination of factors including the number and quality of customer engagements during the measurement period and the amount of customer assets retained as result of the engagements. The rate of incentive compensation considers the total amount of retained or accumulated assets, compared with the monthly asset goal, as determined by AAG on a periodic basis. The asset goal is generally set on an annual basis and may differ by product or account type. Additional factors include certain qualitative factors, such as leadership, teamwork, client experience, quality and efficiency of client interactions, and adherence to corporate policies and regulatory standards.

**Other Business Activity**

Certain senior managers and officers of AAG may also serve as executive officers of AAG's parent company, GWLA 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 pursuant to Rule 204A-1 of the Investment Advisers Act of 1940 ("Advisers Act"). AAG's Code of Ethics ("AAG's Code") sets forth a standard of business conduct expected of advisory personnel. It 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 Access Persons must comply with AAG's Code. A copy of AAG's Code will be provided to the current or prospective clients, upon request.

AAG's Code includes provisions related to:

- 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 AAG's 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. Any principal transactions would be permitted only 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 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 may receive fees from either the plan or the investment provider (fund families). All securities transactions which occur as a result of AAG's services, 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 nor 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, and executed through GWFS.

#### **Soft Dollar Practices**

As a matter of policy, AAG 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. Member accounts are generally 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 may also generate their own reports as frequently as they choose. OA Members are responsible for reviewing and updating 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 when significant changes occur in their personal circumstances. FEA may from time to time provide e-mail notifications to plan participants who elect to receive such messages, concerning changes in the value of the plan participants' investments, chances of reaching the plan 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 ( i.e. 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 applicable estimated payout amounts. 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 has authorized GWFS, an affiliate of AAG, and its licensed agents and registered representatives who are Empower Retirement employees (collectively referred to as "Agents") to solicit, refer and market AAG's services. In addition to their salary, Agents may earn bonus compensation based upon engaging plan sponsors to offer AAG's services. Other Agents and AAG 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, plan sponsor, Members and/or account holders. The incentive compensation an AAG representative receives depends on position type, but generally is calculated based on Empower Retirement and/or GWLA profitability and the achievement of individual performance goals that consider factors unrelated to an account holder's adoption of investment products or services offered through Empower Retirement.
- Agents and AAG representatives' individual performance goals and their related incentive compensation is based on a combination of factors including the number and quality of customer engagements during the measurement period and the amount of customer assets retained as result of the engagements. The rate of incentive compensation considers the total amount of retained or accumulated assets, compared with the monthly asset goal, as determined by AAG on a periodic basis. The asset goal is generally set on an annual basis and may differ by product or account type. Additional factors

include certain qualitative factors, such as leadership, teamwork, client experience, quality and efficiency of client interactions, and adherence to corporate policies and regulatory standards.

#### **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. This is 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 custody 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 Members 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 that utilizes data 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 Members enrolled in PMP. Each Member who actively enrolls in the program must agree to the Terms & Conditions for the program. Each Member who is auto-enrolled in the program, by direction of the plan sponsor, receives a copy of the Terms & Conditions.

#### **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. Correspondence regarding the matters described in this section will be handled in connection with the Plan's policies and service provider arrangements.

#### **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 its 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.

This is not an Offer to Purchase or Sell Securities. The information contained in this Brochure, including information regarding the Great-West Funds, is for disclosure and other informational purposes only. It 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.