

**Item 1 – Cover Page**

**ADVISED ASSETS GROUP, LLC**

**Disclosure Brochure for:**

**Online Investment Guidance  
Online Advice &  
Managed Account Service  
&  
Empower Premier IRA**

8515 East Orchard Road  
Greenwood Village, CO 80111

Telephone for Participants in Employer-Sponsored Retirement Plans:

855-756-4738

Telephone for Account Holders of the Empower Premier IRA:

866-317-6586

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 Morningstar Investment Management, LLC (“Morningstar Investment Management”). If you have any questions about the contents of this Brochure, please contact us at 855-756-4738. 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 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) or at [www.advisedassetsgroup.com](http://www.advisedassetsgroup.com).

## **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 bring sections current and 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 divisions in all 50 states, the District of Columbia, Guam, US Virgin Islands, 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. 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 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 that it controls.

### **Types of Services**

AAG provides a range of direct account holder-level and participant-level investment services as well as services provided indirectly through private-label arrangements with institutional partners (“the Services”). The Services include Online Investment Guidance (“OIG”), Online Advice (“OA”), and the Managed Account service (“MA Service”) or My Total Retirement (“MTR”). Other services that may be available to clients include Spend-Down Advice, Financial Planning Service and Retirement Income Projection Tools and Services. AAG provides its Services through a proprietary, computer-based software program that is developed and maintained by Morningstar Investment Management.

In addition, AAG provides sub-advisory and technology services to outside adviser firms through a service called Advisor Managed Accounts (“AMA”). This service enables the AMA firms to offer their own investment advisory and management services within retirement plans serviced by Empower Retirement. The total sub-advised assets as of December 31, 2020 for this service totaled \$ **1,159,907,992**.

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

### ***Morningstar Investment Management LLC***

Morningstar Investment Management is a registered investment adviser wholly owned by Morningstar, Inc. and is not affiliated with AAG or any company that is affiliated with AAG. Morningstar Investment Management is located in Chicago, Illinois. A copy of its Form ADV Part 2A brochure may be obtained at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Morningstar Investment Management serves as an independent financial expert (“IFE”) in accordance with the Department of Labor *SunAmerica* Advisory Opinion 2001-09A, dated December 14, 2001 (the “*SunAmerica* Opinion”). Morningstar Investment Management uses its proprietary methodology to evaluate the available investment options in a retirement plan or IRA and to develop an individualized investment strategy for plan participants and account holders. The plan, plan sponsor, plan fiduciary or IRA provider must select and continuously maintain investment options that cover broad asset categories. The investment options selected for the plan or IRA generally consist of a broad range of asset classes. More information is provided under Item 10 – Other Financial Industry Affiliations. Item 8, Methods of Analysis and Investment Strategies, discusses the general risks of investing. The risks associated with the investment options can vary significantly with each particular investment category and the relative risks of categories may change. Accordingly, AAG may make changes from time to time with regard to the availability of certain investment options. The fees, risks, responsibilities of plan sponsor/plan provider/participant/account holder and limitations for each of these services are discussed in greater detail below. Fees and expenses are also explained in the respective prospectus, which accompanies each investment option, as applicable.

Certain AAG's Services rely on Morningstar Investment Management's proprietary methodology, which is based on a review of available quantitative data to analyze and screen the investment options within a plan. Morningstar Investment Management also applies qualitative analysis by investment professionals, such as evaluations of investment managers, portfolios and individual investments. The primary sources of information used by Morningstar Investment Management are the extensive databases and methodologies of Morningstar Investment Management and/or its affiliates, and interviews with investment managers. Other sources include financial publications, annual reports, prospectuses, press releases, and SEC filings. Morningstar Investment Management combines this information with other factors — including actuarial data, stock market exposure, probability analysis, and mean-variance optimization — into its proprietary software program to analyze a complex set of market data and variables. The result is an advanced model capable of providing investment recommendations and projections of different outcomes. Using this model, Morningstar Investment Management develops an investment strategy tailored to your investment goals.

## **1. Online Investment Guidance**

AAG's OIG service developed by Morningstar Investment Management provides participants in participating plans with access to sophisticated but easy-to-use online account planning, advisory, and analytical tools that assist the participant/account holder in selecting their own asset classes and building a diversified portfolio. Using OIG, participants/account holders are provided with general asset allocation information based on the investment options that are available within the participant's plan or are available in the Empower Premier IRA. In addition, with OIG, a participant/account holder can receive an objective savings rate recommendation that may assist in achieving his/her retirement goals. OIG does not provide fund-specific recommendations.

## **2. Online Advice**

OA is based on the software program developed by Morningstar Investment Management. It provides the participant/account holder with retirement goal forecasting advice and fund-specific asset allocation recommendations tailored to the specific participant's/account holder's financial situation and retirement goals. OA is tailored for individuals who wish to manage their own retirement account with the assistance of the service tools and investment advice.

OA provides participant/account holder with a retirement goal forecast through various assumptions and hypothetical financial and economic scenarios. These scenarios are based on factors such as historic returns, market volatility, cross-correlations, calculated risk premiums, interest rate fluctuations, inflation and market conditions; all of which have limitations. The participants/account holders can interact with OA to see how changes in their decisions about their savings, expected retirement age, level of investment risk and retirement income goal may affect the system's forecast. Participants/account holders who enroll in OA are responsible for determining the portfolio allocation that is best suited for their needs and investment strategy.

The investment recommendations provided by OA are limited to the available investment options within the participant's specific retirement plan or in the Empower Premier IRA. OA does not make any recommendations about investing in any individual stocks or other asset classes, including employer stock that may be an investment option under the participant's retirement plan.

### **Participant/IRA holder Responsibilities**

Participant/account holders are responsible for making their investment decisions and may implement OA recommendations either online or by phone. Participants/account holders are also solely responsible for reviewing and updating the information they input in the OA service with respect to the completeness, accuracy and timeliness of the information. Participants/account holders should review their retirement accounts periodically to monitor changes in the market and the value of their investments. A failure by an individual to review and update their account information through OA may materially affect the content and value of the service.

### **Limitations on the Online Investment Guidance and the Online Advice Services**

The recommendations provided through OA and the information provided through OIG are estimates based on the responses and information provided by the participants/account holders. Neither AAG nor Morningstar Investment Management make

any guarantees or warranties, express or implied, as to the accuracy, timeliness, or completeness of such information. The OIG and OA services are also subject to the general market and financial conditions existing at the time of use.

The retirement goal forecast and investment recommendations provided by OA and the information provided through OIG are not a guarantee of future results, nor are they a guarantee that a participant/account holder will achieve their retirement goals. OA and OIG should only be used by participants/account holders as a tool in their retirement planning and not as a substitute for their own informed judgment. Neither AAG nor Morningstar Investment Management has an obligation to update any information for a specific individual or to proactively contact the individual to obtain updated information. A failure by an individual to review and update account information through OA and OIG may materially affect the content and value of services received from AAG.

### **3. Managed Account Service**

AAG offers a discretionary managed account service (“Managed Account”, “MA service” or “MTR”). This is a professional and flexible asset management program based on data resulting from the methodologies and proprietary software program developed and employed by Morningstar Investment Management. In the MA service, AAG has discretionary authority over the allocation of available investment options, without prior participant/account holder approval of each transaction. All ongoing investment transfers and investment direction changes are implemented for individuals enrolled in the MA service.

The MA service designs a specific asset allocation portfolio for the participant/account holder that reflects the individual’s retirement goals, life stages, specified risk constraint and overall financial situation. The MA service considers plan or IRA assets and other assets and investments not included within the plan or IRA if provided by the participant/account holder.

On a periodic basis, individual accounts in the MA service are re-forecasted, which may include rebalancing and reallocating the individual’s asset allocation portfolio. This is done to maintain alignment with the allocation percentages determined by Morningstar Investment Management through various assumptions and hypothetical financial and economic scenarios. Such scenarios are based on different factors such as historic returns, market volatility, cross-correlations, calculated risk premiums, interest rate fluctuations, inflation, market conditions, and the personal financial circumstances of the participant/account holder. Participants/account holders receive an account update and forecast statement annually and can update their personal information at any time by calling AAG at their plan’s toll-free customer service number, or by visiting the appropriate website. Some plan providers may offer a guaranteed lifetime benefit withdrawal option to plan participants who are approaching retirement or are in retirement. If the plan provider offers this service and if the participant meets the retirement criteria established by the plan provider or plan sponsor, the investment strategy may include a suggested amount that can be withdrawn while maintaining income throughout retirement. It may also include information about allocating a portion of the managed account balance for the purchase of an annuity or other guaranteed income product.

#### **Limitations on the Managed Accounts Service**

When participants/account holders enroll in the MA service, they must transfer and allocate their entire retirement account balance to the Managed Account. For participants, there is an exception of employer stock and employer directed monies. Partial management of participants’/account holders’ account where they are invested in other investment options (such as individual stocks or other asset classes outside of the available investment options) while also participating in the MA service is not an available alternative. Participant/account holder balances in any of these investment options must be liquidated, subject to plan and/or investment provider restrictions, or the participant/account holder cannot be enrolled in the MA service. For participants, certain outside non-advisable assets may be permitted while also participating in the MA service. However, the participant’s entire advisable account balance must be allocated to the MA service.

Once enrolled in the MA service, participants/account holders delegate certain account management functions to AAG including functionality for fund-to-fund transfers, change fund allocations, the dollar cost averaging tool and/or the rebalancer tool. However, individuals in the MA service retain full inquiry access to their accounts and may still request approval for loans or take a distribution withdrawal, if permissible. Participants/account holders may un-enroll at any time from the MA service. Once they do so, the participants/account holders resume full responsibility for the investment management of their accounts. An individual may un-enroll online or by contacting an AAG investment adviser representative.

#### **4. Spend-Down Advice**

Participants/account holders who are enrolled in any of AAG's Services discussed above are also provided with an additional feature of Spend-Down Advice based on Morningstar Investment Management's methodology, which includes retirement planning tools. The Spend-Down Advice illustrates how long the desired income may last in retirement and determines how much spendable income the participant/account holder may be able to sustain throughout their retirement. The Spend-Down Advice provides both the amount and sources of income available throughout their retirement. The services provided under Spend-Down Advice provide projections of spendable income and do not constitute investment advice under the Investment Advisers Act of 1940.

#### **5. Retirement Income Projection Tools and Services**

AAG may offer online tools and services for participants/account holders to convert projected or actual retirement savings into estimated monthly retirement income. This interactive retirement planning service consists of various retirement income projection tools. These tools are informational in nature, do not reflect actual investment results, and are not guarantees of future results. These tools do not constitute investment advice under the Investment Advisers Act of 1940.

#### **Enrollment in AAG's Services**

##### **For Retirement Plan Participants:**

Plan providers and plan sponsors select the Service(s) (i.e., OA, OIG, and/or the MA service) that are made available to plan participants and how participants can authorize the Service(s). Participants must agree to the terms of a user agreement ("Terms of Service"). Terms may be amended by AAG from time to time, to allow continued use of any of the Services. As part of a participant's enrollment in the MA service, the participant receives a MA Welcome Kit shortly after enrollment. The participant additionally receives an Annual Kit, each year. Each kit provides the participant an update on their account and information on reaching their retirement goals.

In certain instances, Plan Sponsors may authorize AAG to enroll participants automatically in the MA service based on information provided to AAG by the Plan Sponsors. In such instances, current participants in the Plan receive the Terms of Service and are given a defined period of time in which to cancel or "opt-out" of the MA service without incurring an advisory fee (the "Free Period" or "Promotional Period"). Participants' automatic enrollment in the Service by the Plan Sponsors is based upon personal financial information provided by the Plan Sponsor, including date of birth, salary, gender, and state of residence. Participants may review this information online or by contacting an AAG investment adviser representative. Participants are solely responsible for reviewing the personal financial information they or their Plan Sponsor provide, and for notifying AAG of any changes or updates. Participants who are eligible for their employer-sponsored retirement plan or that otherwise elect to "opt-in" after the Free Look or Promotional Period concludes, may not be eligible for a waiver of advisory fees that is otherwise available in the Free Look or Promotional Period.

##### **For Empower Premier IRA Holders:**

The Services are available to all account holders of the Empower Premier IRA. Account holders must agree to the Terms of Service prior to using any of the online services, which may be amended by AAG from time to time.

The advice and recommendations provided through the Services are based on the responses or other information provided by or about the participant/account holder by the Plan Sponsor and/or the participant/account holder. Neither AAG nor Morningstar Investment Management make any guarantees or warranties, express or implied, as to the accuracy, timeliness, or completeness of such information. The Services are also subject to the general market and financial conditions existing at the time of usage. The retirement goal forecast and investment advice recommendations are not a guarantee of future results and are not a guarantee that a particular person will achieve their retirement goals.

#### **Termination of Services**

Participants/account holders may cancel their participation in OA or the MA service at any time. Participants/account holders utilizing OA must complete their cancellation online. Participants/account holders utilizing the MA service may cancel online or by calling an AAG investment adviser representative at the toll-free customer service number.

After cancellation of the:

1. OA service, the individual will no longer have access to the online investment recommendations. Because AAG does not effect changes to the participant's/account holder's asset allocation and account balances, the individual's balances will not be affected **unless and until** the individual affirmatively changes their asset allocation and balance after the cancellation of OA.
2. MA service, the participant/account holder will have the ability to make allocation and investment option changes to their account, usually one to two business days following cancellation. Accordingly, the participant's asset allocation will remain the same as established in the MA service **unless and until** the participant affirmatively changes his/her asset allocation after cancellation of the MA service.

#### **Participant/Account Holder Information**

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

For employer-sponsored retirement plans, fees are subject to negotiation by the plan sponsor which may include plan-level pricing credits depending on the various option(s) selected by the plan for its participants. In some instances, if agreed to by the plan, the plan sponsors or recordkeeper may pay AAG's fees on behalf of plan participants. AAG reserves the right to offer discounted fees or other promotional pricing or to waive fees for any particular period of time subject to proper notification and disclosure.

1. **Online Investment Guidance Service Fees**  
There is generally no fee for participants using OIG, however, participants may be assessed a fee for OIG depending on AAG's agreement with the plan sponsor. IRA holders do not pay a fee for use of OIG.
2. **Online Advice Service Fees**  
Participants who use OA may be charged a flat fee, if applicable. Alternatively, any applicable fee may be paid by the plan or plan sponsor. If a fee applies for OA it is generally \$25.00 per year, or \$6.25 per quarter, as specified in the participant's Terms of Service and/or the plan sponsor's agreement with AAG. Fees may be debited on a quarterly or monthly basis from participants' accounts based on the terms of service agreed upon by the plan sponsor. If the plan sponsor terminates the service agreement with the plan's recordkeeping service provider, the fees are debited through the date of such termination. Continued enrollment in OA by a participant will result in the participant's account being debited based on the applicable fee or the plan sponsor incurring the applicable fee on behalf of the participant. Unless a participant affirmatively terminates OA, or the plan sponsor terminates its recordkeeping service agreement, the fee will be assessed each quarter following the participant's initial use. The annual service fee pricing is unaffected by participants' frequency of use. Empower Premier IRA holders who use OA may be charged an annual



flat fee of \$25.00, debited quarterly at \$6.25 per quarter. Fees may be debited from IRA holders' accounts on a quarterly or monthly basis based on the terms of service agreed upon by the account holder. If the IRA holder terminates his/her Empower Premier IRA, the fees are debited at the end of the billing cycle when the termination occurred. Continued enrollment in OA by an account holder will result in the account holder's account being debited the applicable fee.

### 3. Managed Account Service Fees

#### **For Employer-Sponsored Retirement Plan Participants:**

Participants may be charged a fee for the MA service based on the Terms of Service with the participant and/or the plan sponsor's agreement with AAG. AAG may offer plans tiered pricing schedules based on the enrollment method the plan uses for offering or enrolling its participants in the MA service. Such options include, but are not limited to, pricing schedules based on the plan sponsor's selection of an "opt-out" versus "opt-in" enrollment methodology. Applicable pricing schedules for each of the options are made available to the plan sponsors, which they may use to select the option for their employer-sponsored retirement plan.

Pursuant to the Terms of Service and/or the plan sponsor's agreement with AAG, the fee for the MA service is based upon a percentage of assets managed. The applicable fee for the Managed Account service varies. It is fully disclosed to participants prior to or at the time of enrollment within the enrollment disclosure materials. In addition, the fee is disclosed to participants in the Terms of Service when the participant enrolls in the MA service. The maximum annualized fee that may be charged to a participant is 0.65% of the participant's account balance.

The advisory fee is debited from the participant's account following each applicable billing period. If a participant cancels enrollment in the MA service at any time within a given billing period, pursuant to the participant's Terms of Service and/or the plan sponsor's agreement with AAG, the participant's fee is based upon a percentage of assets managed during the billing period. The fee will be debited from the participant's account or paid by the plan sponsor according to AAG's agreement and procedures. If the plan sponsor terminates its service agreement with the plan's recordkeeping service provider, the participant's advisory fee is debited as of such date of termination or paid by the plan sponsor according to AAG's agreement and procedures.

#### **For Empower Premier IRA Holders:**

IRA holders are charged a quarterly fee for the MA service based upon a percentage of assets managed during the billing period:

Principal Account Balance	Quarterly Fee	Annualized Quarterly Fee
< \$100,000	0.1375%	0.55%
Next \$150,000	0.1125%	0.45%
Next \$150,000	0.0875%	0.35%
> \$400,000	0.0625%	0.25%

AAG reserves the right to offer current, new, or prospective IRA holders discounted fees or other promotional pricing or to waive periodic fees, subject to proper notification and disclosure.

The advisory fee is debited from the account holder following each applicable billing cycle. If an account holder cancels their participation in the MA service or Empower Premier IRA at any time within a fee cycle, the fee is based on a percentage of assets managed during the billing period, and will be debited from the account according to AAG procedures.

4. Retirement Income Projection Tools and Services

AAG does not charge a fee to plan sponsors, participants or IRA holders for the retirement income projection tools and services.

5. Other Fees and Expenses

In addition to any previously negotiated and disclosed recordkeeper fees, commission payments and other administrative servicing fees and expenses for each plan, AAG may pay cash compensation or referral fees to unaffiliated firms for soliciting and referring plan sponsors and their participants to enroll in AAG's MA service.

Accounts invested in mutual funds, separate accounts, collective investment alternatives and other investments may be subject to other investment fees. 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 or other compensation from mutual fund companies or from the other investments that may be available as program investment options.

A participant will pay advisory fees to AAG for the MA service 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.

**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 provides investment advice to participants 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. AAG offers investment advisory and management services to account holders of the Empower Retirement Premier IRA.

**Item 8 – Methods of Analysis and Investment Strategies**

The Services described in this Brochure are based on the proprietary asset allocation and retirement income projection methodologies developed by Morningstar Investment Management. The development of investment advice by Morningstar Investment Management involves the investment methodologies across the products and services described herein. Morningstar Investment Management or its affiliates focus on specific investment areas such as capital market assumptions and a valuation-driven approach to asset allocation.

**Analysis Methods**

In providing advisory services, Morningstar Investment Management reviews available quantitative data to analyze and screen the investment options within a plan. The portfolios are typically constrained to a set of investment options defined by our client, which may include their affiliated investment products. The analysis will include quantitative analytics and fundamental research on the investment options available. Morningstar Investment Management draws on Morningstar's comprehensive database of fund and security analytics.

Once the available data is identified, Morningstar Investment Management processes the data using a series of optimization routines. These optimization routines serve as a blueprint for how the asset classes are combined to help achieve an optimal portfolio for a given level of risk. The model portfolios include both equity and non-equity asset classes that are chosen to represent a broad range of investment categories available in a plan sponsor's retirement plan menu. The asset allocation process requires that there be significant benefit (generally through increased diversification) to adding the asset class to the model portfolios. In addition, investment options within the investment/plan menus must provide significant exposure to the desired asset class in order to be selected. The asset classes that are ultimately used will depend on the available investment options that are considered for the construction of the fund-level model portfolios. In other words, Morningstar Investment

Management will only recommend asset classes that can be fulfilled by an investment option or combination of investment options within the plan.

### **Investment Strategy**

If you are accumulating for retirement savings, the investment strategy is generally based on information such as managed account balance, expected retirement age, contribution rate and other preferences provided by the individual. If the individual has already retired, and if the plan provider offers a guaranteed lifetime withdrawal benefit program, the strategy is based on information such as the current account balance, additional cash flows, and life expectancy. This retirement strategy may include some or all of the following:

**Retirement Income Goal (accumulation phase):** Morningstar Investment Management defines the retirement income goal as the projected amount of money that will be needed by the individual throughout retirement. This calculation is based on current income, adjusted to reflect the estimated dollar value at retirement age. Typically, Morningstar Investment Management uses an amount equal to 100% of take-home pay (although some plan providers may request a different rate, e.g., 80% of gross pay), and then projects the value of that amount at retirement age to determine a retirement income goal. The individual has an option to change this projected retirement income amount.

**Income Outlook (accumulation phase):** Morningstar Investment Management defines the income outlook as a projection of the annual income that the individual may receive during retirement. This is based on an annualized view of the accumulated investment wealth, combined with social security benefits and any pension or other income provided to AAG.

**Total Retirement Income (in-retirement phase):** If your plan provider or plan sponsor offers the in-retirement services, Morningstar Investment Management defines total retirement income as the projected amount of money, that one can expect to receive on an annual basis in order to maintain income throughout retirement.

**IMPORTANT:** When Morningstar Investment Management determines the income projections described above, these projections are based on hypothetical performance data and do not represent actual or guaranteed results. Your projections may vary over time with each additional use of the service.

### **Risk Strategy**

Morningstar Investment Management determines a risk strategy based on several factors, such as current age and time until retirement, gender, salary, total current wealth, deferral rate, and retirement goals. If the individual can purchase an annuity and has retired or is approaching retirement, the risk strategy also considers longevity and liquidity needs. The risk level corresponds to an asset mix, or the combination of mutual funds, commingled funds, separate accounts, exchange-traded funds, and cash alternatives, that will serve as the basis for the recommendations of specific funds appropriate for the individual.

### **Estimated Tax**

Morningstar Investment Management estimates federal, state income, and capital gains taxes based on marginal tax rate calculations. These calculations are used when Morningstar Investment Management conducts income simulations. Tax data is updated annually based on the United States Internal Revenue Code (IRC) and similar state tax data. Morningstar Investment Management uses income data for the individual and their spouse/partner to estimate federal and state tax exposure. The tax exposure is appropriately reduced for pre-tax deferrals, tax-deferred capital gains, and yield and distribution of Roth proceeds. Based on the information that the individual provides, Morningstar Investment Management provides an estimate of the tax exposure but may not include all tax considerations. Please consult a tax adviser for a complete understanding of your tax situation.

### **General Risks of Investing**

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

**provider may make changes from time to time with respect to the investment options available in the plan.**

You should carefully consider 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 perform below average. Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Below are some of the common factors that can produce a loss in a client'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. 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 the 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 be eroding 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 product available within the retirement plan, please contact your retirement plan service provider.

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

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

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

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

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

AAG is not a registered broker-dealer. However, due to the organizational structure of AAG's parent company, 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.

#### **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.

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

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

#### **Insurance Companies**

*Great-West Life & Annuity Insurance Company* is an insurance company domiciled in the State of Colorado ("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 various agreements, may provide investment products and administrative services through its affiliate, 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 limited broker-dealer and wholly owned subsidiary of GWLA. 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 the Service 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 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. GWTC also serves as the trustee for certain collective investment trusts, which may be available as investment options, and is the custodian of all Empower Premier IRA accounts.

## **Investment Company**

*Great-West Funds, Inc.* 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 and IRAs 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 or to account holders of the Empower Premier IRA.

## **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 managed account, guidance, and advice services to participants in certain defined contribution plans. It also provides services to account holders of the Empower Retirement Premier IRA which may have as investment options certain portfolios of Great-West Funds managed by GWCM.

*Putnam Investment Management, LLC* is a registered investment adviser ("*PIM*"). AAG is under common control with PIM and is an affiliate of PIM. Shares of Putnam retail mutual funds may be available for purchase by retirement plans or by the Empower Premier IRA holders. PIM serves as a sub-adviser to certain funds in the Great-West Core Strategies lineup

*Irish Life Investment Managers Limited* – a Dublin, Ireland based, SEC registered investment adviser. ILIM is part of the Great-West Lifeco, Inc. ("*GWL*") group of companies; GWL has operations in Canada, the United States, Europe and Asia through ownership of companies including GWLA and PIM. AAG is wholly owned subsidiary of GWLA. GWLA 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, which 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 and provides discretionary 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 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 investment options available in a plan 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. 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 Morningstar Investment Management wherein Morningstar Investment Management acts as sub-adviser for the advisory services. AAG has entered into an agreement with Morningstar Investment Management under which, AAG receives advisory services fees for providing services to retirement plan clients.

AAG mitigates these conflicts of interest related to affiliated investment options by utilizing Morningstar Investment Management as sub-adviser who remains independent from AAG and its related persons with respect to their methods of analysis and investment strategies. Morningstar Investment Management's methodology also controls the investment allocations and recommendations. A client/account holder will pay advisory fees to AAG for MAS, 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 or IRA. The funds available for AAG's recommendations within a plan or IRA are generally established by the plan sponsor/client through which the Services are delivered, or the custodian of the IRA platform, 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 your 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 plan participant 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, and 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 fees 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 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, participants 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.

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.

#### **Other Business Activities**

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's Code of Ethics**

AAG has adopted a written Code of Ethics (the "Code") in compliance with Rule 204A-1 of the Investment Advisers Act of 1940 ("Advisers Act"). The Code sets forth standards of business conduct expected of advisory personnel. It requires AAG's advisory personnel (referred to as "Supervised Persons") to report their personal securities holdings and transactions in accordance with the Advisers Act. AAG's Supervised Persons are required to comply with the Code. A copy of the Code will be provided to current or prospective clients upon request. The Code includes provisions related to:

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

##### **Personal Trading**

The 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 in some circumstances, there is a possibility that employees could benefit from market activity by a client in a security held by an Access Person. As a result, trading is continually monitored in accordance with the Code and federal securities laws. The 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.

##### **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. 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 or IRA investment options. In all instances, AAG's affiliation with these entities is disclosed. Allocations in the investment options are solely determined and based on Morningstar Investment Management's software and not determinations made by AAG. The compensation paid by AAG to Morningstar Investment Management for Morningstar Investment Management's proprietary software advice program does not vary based on the allocations made or recommended by Morningstar Investment Management. Because Morningstar Investment Management is unaffiliated with AAG and GWFS, AAG does not believe there is a conflict of interest.



#### *Affiliate GWLA or GWL&ANY Proprietary Investments*

Investment options into which participant or accountholder assets may be allocated, pursuant to the OA or the MA services may be through a fixed and variable deferred annuity issued by GWLA or GWL&ANY. Because Morningstar Investment Management is unaffiliated with AAG, GWLA, GWL&ANY and their affiliates, AAG does not believe there is a conflict of interest. However, in all instances, AAG's affiliation with GWLA and/or GWLA's affiliates, as applicable, will be disclosed.

### **Item 12 – Brokerage Practices**

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

For retirement plans or the Empower Premier IRA, the plan sponsor, its agent, or the IRA platform provider selects the broker-dealer used by the retirement plan and determines the reasonableness of the compensation. AAG does not select or recommend broker-dealers for stock transactions or self-directed brokerage accounts and does not determine the reasonableness of broker-dealer's compensation. Transactions recommended by Morningstar Investment Management for the Service are processed by AAG's affiliated recordkeeper, Empower Retirement, and generally 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 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 clients. Client accounts are generally held in trust per regulatory requirements. Further, most trades are mutual funds where trade aggregation does provide any additional client benefits.

### **Item 13 – Review of Accounts**

At least annually, AAG personnel review the methodologies used by Morningstar Investment Management to power the OIG, OA and MA services to ensure that they are consistent with investment advisory best practices, current technology, applicable law and the terms of the agreement between AAG and Morningstar Investment Management.

Neither AAG nor Morningstar Investment Management review the personal financial information of participants/account holders as provided by the participants/account holders or the Plan Sponsor and do not assume responsibility for any incomplete or erroneous information. Such information, which includes date of birth, salary, gender and/or state of residence, must be reviewed periodically by the participant and/or the Plan Sponsor or the account holder who in turn are responsible for notifying AAG of any changes, errors or omissions to such information.

AAG conducts the following review of its clients' accounts:

#### **Online Investment Guidance**

AAG does not conduct any review or other oversight for participants/account holders enrolled in this service.

#### **Online Advice**

AAG does not conduct review of its participant's/account holder's accounts in respect to investment oversight, monitoring, or rebalancing. Participants/account holders receive from AAG's investment recommendations based on the investment options provided in their specific retirement plan or in the Empower Retirement Premier IRA. **It is the responsibility of OA clients to review and update their accounts to adjust for changes in the investments they own and to determine whether the recommendations are suitable for their particular investment needs. OA clients should also review and update their accounts if significant changes occur in their personal circumstances.**

## **Managed Account Service**

Under the MA service, participant/account holder assets in the investment options are monitored, rebalanced and reallocated on a periodic (approximately quarterly) basis by AAG, based on Morningstar Investment Management's software program. On an annual basis, based on the individual's birth date, those enrolled in the MA service will receive an Annual Kit containing an account update and forecast statement. Morningstar Investment Management updates the capital market assumptions underlying their methodology used to construct the asset classes, at least annually, then makes changes to the portfolio allocations, as necessary. The portfolios are also monitored on a regular basis on current portfolio allocations and adjustments are made as necessary.

## **Reporting to Clients**

Participants/account holders enrolled in the MA service receive a MA Welcome Kit shortly after enrollment and an account update at least annually. Participants/account holders enrolled in OA can review their accounts and generate their own reports at any time. Individuals are encouraged to update significant changes to their personal information or make changes to investment options online, or via the appropriate toll-free customer service number. In addition, all individuals receiving Services are provided quarterly account statements generated by the plan's recordkeeper.

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

AAG does not pay cash or other compensation to outside solicitors for referrals to the Empower Premier IRA.

AAG may pay cash compensation or referral fees to unaffiliated firms for soliciting and referring plan sponsors and their participants to enroll in AAG's Services. Any compensation paid by AAG for solicitation activities is pursuant to a written agreement and is paid in compliance with applicable law.

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, participants and/or account holders.

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, AAG's clients receive periodic account statements (at least quarterly) from their custodian and should carefully review these statements. Certain clients may have assets held by unaffiliated custodians.

## **Item 16 – Investment Discretion**

AAG provides discretionary investment management services for those plan participants/account holders who enroll and participate in the MA service; AAG does not offer or engage in discretionary investment services for either OIG or OA.

The MA service is a professional, flexible asset management program that utilizes data from the methodologies and proprietary software program developed and employed by its IFE, Morningstar Investment Management. To provide the MA service to plan participants and IRA holders, AAG retains discretionary authority over the allocation of available investment options

without requiring prior approval of each transaction. All ongoing investment transfers and investment direction changes are implemented for plan participants enrolled in the Managed Account service.

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

AAG does not assume the responsibility to provide assistance or vote proxies or other issuer communications regarding your Account, or to exercise voting or other decision-making authority regarding proxies or other issuer communications. Correspondence regarding the matters described in this section will be handled in connection with the Plan's policies and service provider arrangements.

AAG, as a registered investment adviser, and as a matter of practice, does not accept authority to vote client 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 information about its financial condition that is reasonably likely to impair its 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. Further, AAG does not require or solicit prepayment of fees in excess of \$1,200 per client more than six months in advance.