

**Item 1 – Cover Page**

**ADVISED ASSETS GROUP, LLC**

**Disclosure Brochure for  
Online Advice & Managed Account Services for  
Empower Premier IRA**

8515 East Orchard Road Greenwood Village, CO 80111

Telephone for Account Holders of the Empower Premier IRA: 866-317-6586

March 31, 2022

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 866-317-6586. 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.empower.com/aag](http://www.empower.com/aag).

## **Item 2 – Material Changes**

This section of the Brochure highlights and discusses any changes that were made since AAG's last update dated November 1, 2021. 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 was established in February 2000 and has been a registered investment adviser under the Advisers Act since November 2000. AAG submits notice filings with state securities divisions in all 50 states, the District of Columbia, Guam, U.S. 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), 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.empower.com/aag](http://www.empower.com/aag). 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 GWLA Financial Inc. (GWLA Financial), a Delaware holding company. GWLA 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 investment services directly to account holders and plan participants, as well as services provided indirectly through private-label arrangements with institutional partners (collectively, the Services). The Services include Online Advice (OA) and the Managed Account service (MA Service), also known as My Total Retirement (MTR). Other services that may be available to account holders 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.

**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.; it is not affiliated with AAG or any company that is affiliated with AAG. Morningstar Investment Management is 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. 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 and Risk of Loss 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

regarding the availability of investment options. The fees, risks, responsibilities of plan provider/account holder and limitations for each of these services are discussed in greater detail below. Each mutual fund option has its own fees and expenses, as detailed in each fund's prospectus.

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 or IRA. 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 each account holder's investment goals.

#### **1. Online Advice (OA)**

OA is based on the software program developed by Morningstar Investment Management. It provides each account holder with retirement goal forecasting advice and fund-specific asset allocation recommendations tailored to the 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 the 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 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. Account holders who enroll in OA are responsible for implementing the asset allocation that is best suited for their needs and investment strategy.

**The investment recommendations provided by OA are limited to proprietary mutual funds of Great-West Funds, Inc. and proprietary insurance products of Great-West Life & Annuity Insurance Company and Great-West Life & Annuity Insurance Company of New York. OA does not make any recommendations about investing in any individual stocks or other asset classes.**

#### **IRA holder Responsibilities**

Account holders are responsible for making their investment decisions and may implement OA recommendations either online or by phone. 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. 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 Advice Services**

The recommendations provided through OA are estimates based on the responses and information provided by the 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 OA service is 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 are not a guarantee of future results, nor are they a guarantee that an account holder will achieve their retirement goals. OA should only be used by 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 may materially affect the content and value of the Services.

## **2. Managed Account Service (also known as My Total Retirement)**

AAG offers a discretionary managed account (MA) service. 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 account holder approval of each transaction. Ongoing investment transfers and investment allocation changes are implemented for individuals enrolled in the MA service.

The MA service designs a specific asset allocation portfolio for the account holder that reflects the individual's retirement goals, life stages, specified risk constraint and overall financial situation. The MA service considers IRA assets and will also consider other assets and investments not included within the IRA, if data is provided by the 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 account holder. Account holders receive an account update and forecast statement annually and can update their personal information at any time by calling AAG at their toll-free customer service number or by visiting the appropriate website.

**The investment recommendations and allocations provided by the MA service are limited to proprietary mutual funds of Great-West Funds, Inc. and proprietary insurance products of Great-West Life & Annuity Insurance Company and Great-West Life & Annuity Insurance Company of New York. MA Service does not make any recommendations about investing in any individual stocks or other asset classes.**

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

When account holders enroll in the MA service, they must transfer and allocate their entire IRA account balance to the Managed Account.

Once enrolled in the MA service, 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 take a distribution withdrawal, if permissible. Account holders may un-enroll at any time from the MA service. Once they do so, the 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. See Termination of Services below for information about transactions following unenrollment.

## **3. Spend-Down Advice**

Account holders who are enrolled in any of AAG's Services discussed above are also provided with an additional feature of Spend-Down Advice 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 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 Advisers Act.

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

AAG may offer online tools and services for 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 Advisers Act.

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

The Services are available to all account holders of the Empower Premier IRA, including Roth and Traditional IRAs. 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 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 person will achieve their retirement goals.

#### **Termination of Services**

Account holders may cancel their participation in OA or the MA service at any time. Account holders utilizing OA must complete their cancellation online. 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 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 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 account holder's asset allocation will remain the same as established in the MA service **unless and until** the account holder affirmatively changes his/her asset allocation after cancellation of the MA service.

#### **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 other 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, 2021:

|   |                  |
|---|------------------|
| Discretionary investment management among all services:   | \$75,081,939,787 |
| Non-discretionary investment advisory services among all services in the amount of:                     | \$7,994,058,511  |
| Total discretionary and non-discretionary investment management and advisory services in the amount of: | \$83,075,998,298 |

## **Item 5 – Fees and Compensation**

### **Managed Account Service for Empower Premier IRA Holders:**

Account holders are charged a quarterly fee for the MA service based upon the average assets managed during the billing period. The advisory fee is normally deducted from the IRA following the end of each quarter; it totals the Annualized Fee shown below.

| Principal AccountBalance | Quarterly Fee | Annualized Fee |
|--------------------------|---------------|----------------|
| < \$100,000              | 0.125%        | 0.50%          |
| Next \$150,000           | 0.10%         | 0.40%          |
| Next \$150,000           | 0.075%        | 0.30%          |
| > \$400,000              | 0.05%         | 0.20%          |

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.

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 average assets managed during the billing period; it will be debited from the account according to AAG procedures.

### **Online Advice**

AAG does not charge a fee to IRA holders for the OA service.

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

AAG does not charge a fee to IRA account holders for the retirement income projection tools and services.

### **Other Fees and Expenses**

Accounts invested in mutual funds and other investments may be subject to other investment fees. Fees such as fund operating expenses or redemption fees may be imposed directly by the mutual fund. Information about the fees imposed by specific investment choices is available in each fund's prospectus. AAG may allocate assets of MTRusers to funds or to the general account product as described below. Securities transactions that occur as a result of the services provided by AAG as described in this Brochure are executed by GWFS Equities, Inc.

An account holder will pay advisory fees to AAG for the MA service and indirectly to GWCM for the Great-West Funds that are included in the retirement plan investment options. The fees paid to GWCM for management of the Great- West Funds are included in each fund's share price.

The Empower Guaranteed Income Fund (the Guaranteed Fund), a general account group funding agreement issued by Great-West Life & Annuity Insurance Company and Great-West Life & Annuity Insurance Company of New York, assesses fees and expenses associated with the operation and management of the Guaranteed Fund through adjustments to the Guaranteed Fund's applicable crediting rate. Accordingly, there are no explicit charges associated with the Guaranteed Fund. The Guaranteed Fund offers a guaranteed minimum interest rate of 0.15%.

## **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 offers investment advisory and management services to account holders of the Empower Premier IRA and Empower taxable brokerage account holders. Additionally, AAG provides investment advice to participants in retirement plans for which Empower provides recordkeeping services. IRA holders and plan participants typically must be considered residents of the United States, the U.S. Virgin Islands, Guam or Puerto Rico. A plan sponsor may apply additional restrictions for participation due to plan or regulatory requirements.



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

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 investment methodologies across products and services as described herein. Morningstar Investment Management and/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 available for the Services which are limited to proprietary mutual funds of Great-West Funds, Inc. and proprietary insurance products of Great-West Life & Annuity Insurance Company and Great-West Life & Annuity Insurance Company of New York. 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 for the Services. 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 menu 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.

### **Investment Strategy**

If accumulating for retirement, the investment strategy is generally based on information such as retirement account balances, expected retirement age, savings rate and other preferences provided by the individual. If you have already retired, the investment strategy is based upon account balances, additional cash flows, and life expectancy. This retirement strategy may include some or all of the following:

- Retirement Income Goal (accumulation phase): The retirement income goal is the projected amount of money after tax that will be needed by the individual throughout retirement. The individual's current take home pay is typically used, and the individual has an option to change this projected retirement income amount.
- Income Outlook (accumulation phase): The income outlook is 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 data provided to AAG.
- Total Retirement Income (in-retirement phase): Total retirement income is 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. 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 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 IRA provider may make changes from time to time with respect to the investment options available in the IRA.**

Account holders 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 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. Generally, when interest rates rise the debt security's market value declines, and when interest rates decline, market values rise. A longer bond maturity normally involves a greater risk and higher yield, while a shorter bond maturity results in lower risk and lower yield.
- **Inflation Risk:** When 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.
- 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 the Great-West Government Money Market Fund 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.
- The benefits and guarantees of the Empower Guaranteed Income Fund, including the applicable crediting rate, are subject to the financial strength, solvency and claims-paying ability of Great-West Life & Annuity Insurance Company and Great-West Life & Annuity Insurance Company of New York, respectively. The respective general accounts of Great-West Life & Annuity Insurance Company and Great-West Life & Annuity Insurance Company of New York are not segregated or insulated from the claims of creditors. The Empower Guaranteed Income Fund is subject to many of the risks associated with a portfolio of fixed-income securities including, but not limited to, credit risk, interest rate risk, liquidity risk, and inflation risk. The Empower Guaranteed Income Fund is not FDIC-insured and is not guaranteed by any bank or savings association.

For more complete information about any of the mutual funds or investment products available within the IRA, please contact us at the number listed on the cover page.

#### **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 as an investment advisory representative. 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/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.

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

*Empower Retirement, LLC (Empower)* 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. Empower receives a 35 bp shareholder service fee from the Investor Class shares of Great-West Funds for recordkeeping and administrative services provided for IRA holders, pursuant to a Shareholder Services Agreement between the parties.

#### **Insurance Companies**

*Great-West Life & Annuity Insurance Company (GWLA)* is an insurance company domiciled in the State of Colorado. 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 (GWLANY)* is an insurance company domiciled in the State of New York. AAG is an affiliate of GWLANY through common ownership where GWLA is the sole owner of both AAG and GWLANY. GWLANY, pursuant to various agreements, may provide investment products and administrative services through its affiliate, Empower, 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. 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 that occur as a result of participation in the Services are executed by GWFS.

## **Trust Company**

*Great-West Trust Company, LLC (GWTC)* is a trust company and affiliate of AAG. GWTC is a wholly owned subsidiary of GWLA and is chartered under the laws of the State of Colorado. GWTC is the custodian of all Empower Premier IRA accounts. GWTC may provide discretionary or directed trustee and/or custodial services for AAG's clients and also serves as the trustee for certain collective investment trusts. During 2022, the IRA custodian will continue to be GWTC while Pershing, LLC will be the custodian of the assets.

## **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 provides 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 are available to account holders of the Empower Premier IRA and may also be investment options in retirement plans advised by AAG.

## **Investment Adviser Affiliates**

*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 IRA holders and to participants in certain defined contribution plans. GWCM is the investment adviser for Great-West Funds, which are investment options in the Empower Premier IRA.

*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. PIM serves as a sub-adviser to certain series of Great-West Funds.

*Irish Life Investment Managers Limited* – a Dublin, Ireland based, SEC registered investment adviser. AAG is affiliated with ILIM as it is part of the Great-West Lifeco, Inc. (GWL) group of companies, which has operations in Canada, the United States, Europe and Asia. ILIM manages the index series of Great-West Funds and two of the Great-West Core Strategies 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, GWLANY, Great-West Funds, Empower Holdings, LLC, Empower Retirement, LLC, and GWTC operate under the multiple brands of Empower, 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 recommendations and allocations provided by the Services are limited to proprietary mutual funds of Great-West Funds and proprietary insurance products of GWLA and GWLANY.

AAG does not receive compensation from its parent company or any of its affiliates as a result of these allocations. AAG has an agreement with Morningstar Investment Management wherein Morningstar Investment Management is paid by AAG for sub-advisory services.

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.

An account holder will pay advisory fees directly to AAG for MTR, and indirectly to GWCM and Empower. The fees paid to GWCM and Empower are included in each Great-West Fund's share price.

Conflicts related to fund recommendations: The Services operate by recommending or allocating a user's assets to funds available to the IRA. The funds available for AAG's recommendations within an IRA are generally established by the custodian of the IRA platform, rather than by AAG. The investment options are comprised solely of investment options sponsored by AAG's affiliates.

- *Proprietary investment funds.* AAG's affiliates offer proprietary investment funds within the Empower Premier IRA. AAG will recommend or allocate the IRA to Great-West Funds, which are proprietary investment funds, or to proprietary insurance products described below. These investment funds generate additional income to AAG's affiliates to compensate the affiliates for administering, managing, and supervising these funds. AAG's affiliate Great-West Funds will be the exclusive provider of the investment funds available through the Services.
- *Proprietary insurance products.* AAG's parent company, GWLA, and its affiliate, GWLANY, offer proprietary insurance products for investment, such as the Empower Guaranteed Income Fund. AAG may recommend or allocate account holder assets to the Empower Guaranteed Income Fund. A general account product is an insurance product backed by the general account of an insurance company, such as GWLA or GWLANY. These AAG 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.

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 the AAG affiliates charge a direct fee, these 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 employees (collectively referred to as Agents) to solicit, refer and market AAG's services. Agents may be indirectly compensated through bonus compensation, in addition to their salary, for communication, education and/or assisting individuals to enroll in AAG's Services. Compensation paid to Agents does not increase the fees paid by account holders. The incentive compensation an AAG representative receives depends on position type, but generally is calculated based on Empower and/or GWLA profitability and the achievement of individual performance goals that may include factors unrelated to an account holder's adoption of investment products or services offered through Empower.

Individual performance goals and their related incentive compensation for Agents 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 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 Advisers Act. The Code sets forth standards of business conduct expected of advisory personnel. It requires certain of AAG's advisory personnel to report their personal securities holdings and transactions in accordance with the Advisers Act. AAG's advisory personnel 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 may be recommended to and/or purchased for AAG's advisory clients. Personal 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. AAG's Board of Managers would need to approve a change in this policy. 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 account holders for which AAG may also provide its services. All securities transactions that 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 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 GWLANY Proprietary Investments for Advisory Clients*

Investment options into which account holder assets may be allocated, pursuant to the OA or the MA services maybe through a fixed funding agreement issued by GWLA or GWLANY. Because Morningstar Investment Management is unaffiliated with AAG, GWLA, GWLANY 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

#### *Affiliate Empower*

Empower receives a 35 bp shareholder service fee from the Investor Class shares of Great-West Funds for recordkeeping and administrative services provided for IRA holders, pursuant to a Shareholder Services Agreement between the parties.

#### **Item 12 – Brokerage Practices Brokerage Selection; Best Execution**

For the Empower Premier IRA, the IRA platform provider selects the broker-dealer used by the IRA and determines the reasonableness of the compensation. Transactions recommended by Morningstar Investment Management for the Services are processed by AAG's affiliated recordkeeper, Empower, 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.

#### **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 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 account holders as provided by the account holders 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 account holder who in turn is responsible for notifying AAG of any changes, errors or omissions to such information.

#### **Online Advice**

AAG does not conduct a review of account holder accounts and does not provide investment oversight, monitoring, or rebalancing. Account holders in the OA service receive investment recommendations from AAG based on the investment options provided in the Empower 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.**

*AAG conducts the following review of account holder accounts:*

#### **Managed Account Service (also known as My Total Retirement)**

Under the MA service, account holder assets in the investment options are monitored, rebalanced and reallocated on a periodic basis by AAG, based on Morningstar Investment Management's software program. On an annual basis, account holders 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, and then makes changes to the portfolio allocations, as necessary. Current portfolio allocations are monitored regularly, and adjustments are made as necessary.

### **Reporting to Clients**

Account holders enrolled in the MA service receive an MA Welcome Kit shortly after enrollment and an account update at least annually. 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.

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

AG has authorized GWFS, an affiliate of AAG, and its licensed agents and registered representatives who are Empower employees (collectively referred to as Agents) to solicit, refer and market AAG's services. AAG does not pay any compensation directly to GWFS or its Agents for the solicitation activities performed by GWFS and its Agents. The Agents receive compensation in the form of a salary and a variable bonus paid by Empower. No commissions are paid to Agents for the Services by AAG or GWFS. 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. 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 may include 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 may include certain qualitative factors, such as leadership, teamwork, client experience, quality and efficiency of client interactions, and adherence to corporate policies and regulatory standards. **Compensation paid to Agents or AAG representatives does not increase the fees paid by the account holder.**

### **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, however, AAG is deemed to have constructive custody with respect to certain client funds and securities. This is because an affiliated party (GWTC) 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. Account holders receive periodic account statements (at least quarterly) from their custodian and should carefully review these statements.

### **Item 16 – Investment Discretion**

AAG provides discretionary investment management services for those account holders who enroll and participate in the MA service; AAG does not offer or engage in discretionary investment services for 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 Morningstar Investment Management. To provide the MA service to account holders, AAG retains discretionary authority over the allocation of available investment options without requiring prior approval of each transaction. Ongoing investment transfers and investment direction changes are implemented for plan participants enrolled in the MA service.



**Item 17 – Voting Client Securities**

AAG does not assume the responsibility to provide assistance, exercise voting powers or other decision-making authority regarding proxies or other issuer communications for the Empower Premier IRA accounts. Generally, if a mutual fund offered in the IRA files a proxy statement, account holders in the fund receive and may vote the proxy.

**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.