

**Item 1 - Cover Page**

Advanced Advisor Group, LLC

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March 1, 2025

This Brochure provides information about the qualifications and business practices of Advanced Advisor Group (hereafter referred to as AAG). If you have any questions about the contents of this Brochure, please contact us at 763-689-9023. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

AAG is a Registered Investment Adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information to determine if you should hire or retain an Adviser.

Additional information about AAG may be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This brochure dated March 1, 2025, is an update to a previous version and is composed according to the SEC’s requirements and specifications. This section of the brochure will report only a summary of material, and sometimes immaterial, changes made to the brochure relative to its previous version. A full copy of our current brochure may be requested by contacting AAG at 763-689-9023 or [efsadvisors@efsadvisors.com](mailto:efsadvisors@efsadvisors.com). Our brochure is also available free of charge on our website, [www.efsadvisors.com](http://www.efsadvisors.com).

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of material changes to this and subsequent brochures within 90 days of the close of our business’ fiscal year. We provide disclosure information about material changes as necessary, at any time, without charge.

Various immaterial changes were made to improve grammar or form.

Item 4 was updated to remove reference to Wipp’s Professional Accounting Services, LLC and reflect assets under management.

Item 5 was updated to farther clarify what each license entitles the EFS representative to offer for products and/or services. Item 5 was also updated to remove the requirement of a Fixed Income and Cash Management account being non-qualified in order to receive the reduced fee option when the balance is \$100,000 or more. The Fixed Only Fee Schedule was added.

Item 10 was updated to include Investment Advisor Representatives receive a revenue share from Educators Benefit Consultants for referrals that result in new business.

Item 11 was updated to include the name of the current Chief Compliance Officer.

Currently, our brochure may be requested by contacting AAG at 763-689-9023 or [efsadvisors@efsadvisors.com](mailto:efsadvisors@efsadvisors.com). Our brochure is also available free of charge on our website, [www.efsadvisors.com](http://www.efsadvisors.com).

Additional information about AAG is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about persons affiliated with AAG who are registered, or are required to be registered, as investment adviser representatives of AAG.

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#### **Item 4 – Advisory Business**

AAG, a Registered Investment Advisor, was founded in 2008, by Kent D. Schutte. AAG continues with Mr. Schutte as the primary owner.

AAG offers investment advisory services for a fee based on the value of client assets under management. The firm furnishes investment advice through consultations. AAG may provide advice on matters not specifically involving securities transactions. AAG also provides financial consulting services excluding asset management for an hourly fee discussed in Item 5.

As part of its advisory services, AAG provides continuous and regular supervisory and management services to securities portfolios. When rendering advice, AAG uses a client-centric suitability determination that gathers information about several dimensions of the client's financial situation. These dimensions are then scored aggregately to generate a score that corresponds to a recommended investment strategy. AAG also constructs model portfolios to fit a range of client objectives, timelines, risk tolerances, and other goals and preferences. The client is free to choose a recommended strategy/portfolio or another strategy they wish to pursue. The client is under no obligation to choose the AAG recommended strategy/portfolio.

Third Party Service Providers ("TPSPs"): AAG offers referrals to various TPSPs and also offers client assistance in working with those TPSPs. For example, AAG offers Estate Planning services that consists of education on estate planning topics and the collection of general information necessary to complete a new estate plan or review a current estate plan. AAG also assists the client, at the clients request, in gathering the required information needed to provide outside estate planning firms, accounting firms, law firms, and tax firms so that these TPSPs can provide the services requested by the client.

AAG utilizes the services of various unaffiliated third party service providers, including but not limited to: Trust & Will for estate planning review, creation and updates.

Any and all fees paid by the client for outside referred services will be paid to those service providers directly. Clients are not required to utilize any third-party products, services or referrals that AAG may recommend and can select the service provider of their choice.

AAG manages \$13,497,240.68 on a discretionary basis and \$0 on a non-discretionary basis. This calculation is as of December 31, 2024.

### **Item 5 – Fees and Compensation**

AAG generally collects a calendar quarterly fee, in advance, for its advisory services based upon the gross value of your managed assets at the beginning of the relevant quarter, in accordance with AAG’s Fee Schedule. To minimize the administrative burden associated with managing many accounts, your first quarterly fee is not charged until the beginning of the first full calendar quarter after you retain AAG (in other words there is no fee charged for any stub quarter period when you first retain AAG), but in return you agree and acknowledge that if you terminate this Agreement as of any date other than the end of a calendar quarter you will not receive a refund of any pre-paid fees for the remainder of such quarter unless you provide written notice to AAG claiming such refund within thirty (30) calendar days of the effective date of such termination, however, AAG reserves the right to retain refund amounts of less than \$25. In addition, the Company does not adjust advisory fees to reflect deposits or withdrawals as of any date other than the beginning of a quarter. AAG will automatically withdraw from managed accounts the appropriate fee unless both parties agree upon other arrangements. If AAG receives notice that an account is “blocked” and investment recommendations cannot be implemented, AAG will discontinue charging fees against that account until the block is removed. Notice of blocked accounts occurs on a quarterly basis during the fee billing process. Due to administrative constraints imposed by our custodians, no refund of advisory fees will be offered in connection with blocked accounts.

Asset-based fees are generally not negotiable and are assessed based on a percentage of the dollar amount of assets under management. The Company does not adjust advisory fees to reflect mid-quarter deposits or withdrawals. The Company does not deduct the balance of outstanding loans taken against client accounts when calculating advisory fees. Deviation from the fee schedule will be subject to prior approval by the Compliance Department. Deviations from the fee schedule may also be available pursuant to the terms of an approved fee waiver request, Request for Proposal (RFP), or plan-level agreement with your employer, if applicable.

**Standard Fee Schedule**

	<u>Quarterly Fee</u>	<u>Annual Fee</u>
\$0.00 - \$210,000	0.26%	1.04%
\$210,001 - \$500,000	0.24%	0.96%
\$500,001 - \$1,000,000	0.22%	0.88%
\$1,000,001 - \$3,000,000	0.20%	0.80%
\$3,000,001 - \$5,000,000	0.18%	0.72%
\$5,000,001 - \$10,000,000	0.17%	0.68%
\$10,000,001 and higher	0.15%	0.60%

Non-asset management consulting services up to \$195/hour (negotiable)

**\*Fixed Only Fee Schedule**

	<u>Quarterly Fee</u>	<u>Annual Fee</u>
\$0.00 - \$99,999	0.15%	0.60%
\$100,000 and higher	0.09%	0.36%

\*Fixed Income and Cash Management Accounts include a limited selection of investments, such as CDs, money market accounts, and certain preapproved, limited funds. If the account contains investments outside of these options, the standard fee schedule applies.

Under limited circumstances when a fee is due, the client's account holdings, balance, and fee size make it in the client's best interest to carryover the fee to a later period or waive the fee entirely. These circumstances are limited and may be subject to approval by compliance and/or the individual advisor representative. For example, a client may hold a small stock position and no cash in an account and liquidating the stock to pay the fee may incur transaction fees in excess of the advisory fee due.

AAG fees generally cover AAG's advisory services. Certain non-advisory clients could pay administrative fees of 0.09% quarterly, totaling 0.36% annually, to AAG for non-advisory services such as record keeping. Clients should also expect to pay additional charges imposed by custodians, brokers, third party portfolio managers, third party administrators, and other third parties including management fees charged by fund and Exchange Traded Fund managers, fees charged by custodians to hold securities for safekeeping, deferred sales charges (charges incurred by some mutual funds at the time the client sells the shares), odd-lot differentials (charges incurred on securities orders in quantities other than some multiple of 100 shares), transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded fund internal management fees are disclosed in each fund's prospectus.

AAG's president and investment adviser representatives also sell securities products for sales commissions through AAG's Broker/Dealer platform (hereafter referred to as "AAGBD"). They also sell insurance products for sales commission through EFS Advisors LLC (hereafter referred to as "EFS"), which is a licensed insurance agency, and through affiliated insurance agency Educators Lifetime Solutions (ELS).

As an Investment Adviser, AAG is paid on a fee basis for investment advice. If a given recommendation is implemented via brokerage transactions through AAGBD, then AAGBD and its representatives receive brokerage commissions for each securities transaction. Advisory fees are not reduced to offset commissions or markups.

This practice presents a conflict of interest in that a representative could, while acting as an agent for AAGBD, recommend investment products based on compensation received rather than client needs, a practice known as "self-dealing". To address this conflict, AAG forbids self-dealing in its written investment advisory manual and requires representatives to certify that they have reviewed and understand the contents of the manual. Additionally, all advisory client account trades are routed through the custodian's Broker/Dealer; commissions or revenues generated by trading activity are not directed back to AAGBD or its representatives. This conflict of interest is also discussed in Item 10.

The capacity in which AAG is employed and how it is paid is disclosed to the client upon initial account opening. Business completed on a commission basis vs. a fee basis are segregated from one another and is disclosed on the firm's written agreement with the client whether the client is conducting business on a commission basis through AAGBD or on a fee basis through the AAG. This relationship is also described in Items 10, 12, and 14.

Item 12, below, further describes the factors that AAG considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

An additional source of third-party compensation comes from an arrangement between affiliated insurance agency, Educators Lifetime Solutions (ELS) and Lifesprk, a provider of in-home elder care services. According to the arrangement, if an Investment Advisor Representative refers a client to Lifesprk and the client subscribes to Lifesprk's services, ELS receives a 3% revenue share of premiums paid by the client to Lifesprk. Of the 3%, the Investment Advisor Representative receives 63% of the revenue share.

This constitutes a conflict of interest as a financial incentive exists for the Investment Advisor Representative to refer clients to Lifesprk. The client, however, is under no obligation to retain the services of Lifesprk.

Finally, Minnesota regulations require us to explicitly disclose to you the variety of different business models and compensation structures that are available to AAG and its representatives and could theoretically be employed. This statement should not be construed as a statement as an exact description of how AAG and its representatives will be paid in this advisory relationship (covered earlier in Item 5—Fees and Compensation by the fee schedule). The Minnesota disclosure dictates the following:

--AAG and its representatives' compensation is based on the following:

- a) Commissions generated from financial products purchased
- b) Fees
- c) Combination of a) and b)

--AAG and its representatives are authorized to offer products issued by or through the firms which EFS Advisors (EFS) or Advanced Advisors Group, LLC (AAG) currently hold a Marketing/Selling Agreement.

EFS Advisors, Registered Investment Advisor, holds AAG harmless for any liability associated with securities traded through Fidelity Investments. Investment Advisory Agreement products and services will be traded through Fidelity Investments. Investment Advisory Services may or may not be sponsored by State Associations or affiliates.



--AAG' representatives are licensed in Minnesota as a(n):

- a) Insurance Agent
- b) Securities Agent or Broker/Dealer
- c) Registered Investment Advisor Representative

--The Insurance Agent license entitles AAG' representatives to offer the following insurance products and/or services: Annuities, Life, Health, Disability, and Long Term Care

--The Securities Agent or Broker/Dealer license entitles AAG' representatives to offer the following securities products and/or services: Mutual Funds, Certificates of Deposit, Variable Annuities, and Money Market funds

--The Registered Investment Advisor Representative license entitles AAG representatives to offer the following products and/or services: Stocks, Bond, Mutual Funds, Certificates of Deposit, Variable Annuities, and Money Market funds within a managed account

**If you are transferring/rolling over assets to AAG, we must disclose to you the following:** When AAG provides investment advice to you regarding your ERISA retirement plan account or Individual Retirement Account (IRA) or transferring money from your ERISA retirement plan account to an IRA, we are fiduciaries within the meaning of the Internal Revenue Code and potentially Title I of ERISA, as applicable, which are laws governing retirement accounts. The way AAG makes money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Make no misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

-If applicable, you may move your employer-sponsored plan to a new employer-sponsored plan at your new employer, which would incur fees per the new plan's fee schedule

-You may cash out your employer-sponsored plan, which would result in taxes due on the proceeds at your regular income tax rate plus a 10% penalty if you are under 59 ½ years of age.

-Penalty-free distributions may be taken from your employer-sponsored plan if you are age 55-59 ½ AND have permanently separated from your employer

-In order to develop a recommendation that is in your best interest, we need to consider information about your plan's investments, services and expenses. As a result, it is important that you provide us with actual information about your plan and your account. The easiest way to do that is for you to give us copies of your plan's 404a-5 investment disclosures and of a recent quarterly statement about your account. (Your plan gives you a "404a-5 disclosure" every year and a copy is available from your employer and your plan's website. It is also called by a number of other names, for example, Investment Comparative Chart, and it is a description of your plan's investment options and their expenses, and other information.) If you don't give us that information, we will need to use estimates or other information that may not be accurate and that could, as a result, cause us to make a recommendation that may not properly represent that actual facts or preferred outcome. So it is in your interest to make sure that we have the actual plan information. However, if you do not provide the information, we will use alternative sources, such as benchmarking data for plans of a similar type and size or plan reports (such as Forms 5500) that may be from several years ago. In evaluating possible sources of alternative data, we have considered the reliability of the data provider and its processes, and believe that the information that we use will be accurate based on, e.g., robust information about plans of the size and type of your plan. While we expect that it will be accurately representative of your plan's features, there can and will be differences which could affect our recommendation.

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

Neither AAG nor its representatives charge performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

AAG provides investment advice to individuals, business entities, charitable organizations, estate, and trust programs.

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

The Advisory Committee consists of various investment advisory representatives of AAG and personnel from operations and compliance. The Advisory Committee analyzes data for investment choices. The Advisory Committee conducts a quarterly fund performance evaluation. These evaluations are used to determine a fund's inclusion in AAG and/or EFS' model portfolio holdings based upon:

- 1) Whether fund performance remains within the standards of firm performance demands
- 2) Whether the fund manager's investment style has been consistent with stated objectives
- 3) What changes in benchmarks and objectives have been made and the effect these changes may have on future results and performance monitoring criteria

The Advisory Committee will remove a fund from firm advisory holdings if it performs below 50% of its peer group for more than two consecutive quarters. Following such removal, all existing balances are moved from the removed fund to a replacement fund and future contributions will be deposited to that replacement fund. No new contributions will be made to a fund that has been removed unless the fund is subsequently restored to the list.

Additional items reviewed include, but are not limited to, benchmark returns, history of management team members, and expenses and fees. Technical analysis includes the use of software such as Morningstar. Past performance is not indicative of future results and technical analysis uses information that is thought to be accurate at the time of use. None of these risks should be considered to be particularly significant or unusual, however, investing in securities always involves risk of loss of total investment that clients should be prepared to bear. Moreover, it should be noted that more aggressive investment strategies and portfolios should be understood to carry higher risk of loss of total investment.

### **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 management. AAG has no information applicable to this Item.

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

AAG is dually registered, both as an Investment Adviser and as a Broker/Dealer. AAG is also affiliated with EFS Advisors LLC, (hereafter referred to as “EFS”), which is a registered Investment Adviser. Both advisers are under the common control of Kent D. Schutte. The difference between the two advisers is a matter of client outreach to differing market segments. The business dealings of both firms are kept separate; trades are not made between clients of the two firms, and no preferential treatment is shown to clients of either firm in the allocation of investment opportunities.

AAG recommends securities and insurance products and services to its clients. AAG selects its custodian, Fidelity, to execute these trades on behalf of its advisory clients. As AAG executes advisory client transactions through its custodians, neither AAG nor its representatives receive commissions or revenues generated by trades of advisory client transactions through Fidelity.

Some of AAG’s principals and employees are dually-registered as investment advisory representatives for AAG and as Broker/Dealer representatives for AAGBD. These dually-registered representatives may recommend purchases of securities carried by AAGBD and would receive commissions on such securities transactions. Additionally, EFS is a licensed insurance agency and its representatives licensed as insurance agents and would receive commissions on the sale of insurance products sold through EFS. These commissions are separate from and in addition to the advisory fees EFS receives from its clients. This creates a conflict of interest for EFS and its representatives as an incentive exists to recommend the purchase of securities through AAG as Broker/Dealer and/or insurance products through EFS that generate commissions.

Many of the mutual funds held in client advisory accounts do not charge an up-front transaction fee, though such mutual funds generally have higher expense ratios and lower expense ratio share classes of the same mutual funds are available on a platform with transaction fees where an up-front transaction fee or ticket charge would apply to each transaction. Finally, periodic training of dually-registered representatives on the demands of the fiduciary standard of care are conducted in addition to point of sale reviews of

commissioned products to verify their fitness for use with advisory clients; to verify that investment advisory representatives are selecting products aligned with the client's best interests rather than generating higher commissions.

AAG is also under common control with Educators Lifetime Solutions (ELS), an insurance agency that offers long-term care insurance. Investment Advisory Representatives sell long-term care insurance in exchange for a commission. A conflict of interest exists in that it's possible for the representative to promote a long-term care insurance policy based on the amount of commissions it pays.

AAG is under common control with Educators Benefit Consultants, LLC, doing business as Aviben, a third party administrator of employee benefits including health reimbursement arrangements and 403(b) plans. Educators Benefit Consultants, LLC is a client of EFS and receives investment advisory services from EFS. A conflict of interest may exist as Investment Advisor Representatives are incentivized to promote Educators Benefit Consultants by receiving a revenue share from referrals that result in new business. Clients of Educators Benefit Consultants, LLC are generally not clients of AAG Investment Advisor Representatives.

At no time is a client obligated to follow the recommendations of an Investment Advisor Representative.

### **Item 11 - Code of Ethics**

AAG has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at AAG must acknowledge the terms of the Code of Ethics annually, or as amended. AAG will provide a copy of its Code of Ethics to any client or prospective client upon request.

AAG anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which AAG has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale

of securities in which AAG, its affiliates and/or clients, directly or indirectly, have a position of interest. AAG employees and persons associated with AAG are required to follow AAG Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of AAG and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for AAG clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of AAG will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Relevant employee and/or representative trading is regularly monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between AAG and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with AAG obligation of best execution. In the rare occurrence that affiliated accounts trade in the same close-ended securities as client accounts, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. AAG will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders and partially filled orders will be allocated as specified in the initial trade order.

AAG clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Ellie Killian, Chief Compliance Officer.

It is AAG policy that the firm will not affect agency cross securities transactions for client accounts and generally will not affect principal transactions for client accounts. However, in very limited and exceptional circumstances, AAG may affect principal transactions when consistent with AAG obligation to its clients. AAG will also not cross trades between client accounts.

- Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells a security to an advisory client, which represent a conflict of interest in

that it creates an incentive for an adviser to complete such transactions in exchange for commissions.. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account.

- An agency cross securities transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or a person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

### **Item 12 – Brokerage Practices**

AAG has authority to select the Broker/Dealer for custodial and execution services. AAG, as a fiduciary, is required to choose the Broker/Dealer to be used based on the best overall qualitative value to clients. AAG chooses its custodian, Fidelity, for execution of customer trades.

Although AAG is able to select the Broker/Dealer used, AAG does not receive product, service, compensation or research from the chosen Broker/Dealer (also called soft dollar benefits). Additionally, AAG investment adviser representatives, in their capacity as agents for AAGBD, do not receive product, service, compensation or research from the chosen Broker/Dealer. AAG suggests investment adviser representatives based on the skill, reputation, dependability and compatibility with the client. However, clients are free to select any AAG investment adviser representative.

As mentioned previously, Investment Advisor Representatives of AAG sell securities for commissions through affiliated AAGBD, and insurance products for commissions through both EFS, which is a licensed insurance agency, and through affiliated insurance agency, ELS. This topic is also discussed in Items 5 and 10.

Investment Advisor Representatives of AAG sell securities and insurance products for commissions through their affiliated Broker/Dealer. Further details on these practices may be found in Items 5 and 10.

### **Item 13 – Review of Accounts**

The Chief Compliance Officer or assigned person and/or an Investment Advisor Representative conduct periodic reviews of advisory business. These periodic reviews are communicated to clients either orally or in writing and contain various analyses depending upon the client's requests and needs. A review of funds held within model portfolios and client accounts is conducted via an Advisory Committee meeting that occurs every quarter described in Item 8. Each account is reviewed individually on at least an annual basis. A review of individual accounts and funds held is conducted to verify suitability and accuracy according to the firm's management discipline standards, also referenced in Item 8.

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

Investment Advisor Representatives of the firm, through the affiliated Broker/Dealer, Advanced Advisor Group, LLC, sell securities products for sales commissions. Additionally, insurance products may be sold where a sales commission is earned.

In order to provide Clients a full-service wealth management experience, certain advisor representatives have developed relationships with third party service providers (“TPSPs”) that are not affiliated with AAG for services such as estate planning, legal, and accounting services. *See also* Item 4. AAG is not affiliated with the providers of the Third Party Services. The TPSPs are not under AAG's control, and AAG is not responsible for and does not endorse the content or services provided by these TPSPs. These Third Party Services are provided solely as a convenience for the Client, however, the Client will need to make its own independent judgment regarding interaction with these TPSPs. Many of these TPSPs provide clients of AAG a discount on their services and some of these TPSPs are paid by AAG Advisor representatives for all or a portion of the services provided to AAG advisory clients. This creates a conflict of interest inherent in the provision of TPSP referrals. For example, AAG Advisor representatives have a bias to recommend those TPSPs that provide AAG Advisory clients with a discount over other service providers. Similarly, such TPSPs may recommend the services of AAG in the hopes of receiving client referrals from AAG rather than as a result of their genuine opinion of AAG. There is also a conflict of interest as some clients may feel obligated to provide referrals to AAG if AAG representatives are paying for certain TPSPs.

#### **Item 15 – Custody**



AAG does not have custody of advisory client funds or securities pursuant to SEC Rule 206(4)-2.

Clients may receive account statements from the broker-dealer, bank or other qualified custodian and should carefully review those statements. Clients who participate in the Choice 403b program will also receive participation reports from EFS Advisors LLC, an affiliate of AAG and should compare the account statements they receive from any qualified custodian with the participation reports received from EFS.

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

Discretionary authority will be authorized upon full disclosure to the client. During initial account opening, the client agrees to grant discretionary authority via language in the investment advisory agreement, upon execution of said agreement. This agreement also imposes limitations on the firm’s discretionary authority. All trades made on a discretionary basis must be consistent with a client’s investment objectives. The firm’s discretion extends to the selection and amount of securities to be bought or sold in client accounts. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by the firm.

The firm has discretionary authority to select the broker or dealer for custodial and execution services. This is discussed in further detail in Item 12, above.

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

The firm will not vote, nor advise clients how to vote on proxies for securities held in client accounts. The client retains authority and responsibility for the voting of these proxies. Furthermore, AAG will not grant advice or act with respect to the voting of these proxies. Contractually, the client and AAG agree not to direct or instruct one another on a vote in a proxy solicitation.

Clients receive proxy solicitations from the custodian. If a client has a question about a particular solicitation, they are instructed to direct their question to the custodian.

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), the plan fiduciary has the authority and responsibility for the voting

proxies of securities held in plan accounts. AAG does not give advice or take action with respect to these voting proxies.

### **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about AAGs' financial condition. The firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

AAG assesses fees quarterly and does not require nor solicit prepayment of fees six months or more in advance.

AAG is not a sole proprietorship, but an LLC.

Affiliated investment adviser, EFS, applied for a loan through the Small Business Administration's Paycheck Protection Program (hereafter referred to as "PPP loan") on 4/3/2020 in the amount of \$302,278 and received the loan proceeds on 4/22/2020. We requested the PPP loan in an effort to maintain our full administrative staff and avoid layoffs and furloughs. However, the PPP loan was not needed for and is not being used to support the salaries of any of our personnel directly responsible for providing investment advisory services to our clients. In other words, the PPP loan was not necessary to fulfill our obligations to our clients, but to avoid having to reduce our administrative staff. We are making this disclosure in an abundance of caution based on recent SEC guidance relating to the PPP loan program, but we believe that our receipt of the PPP loan is immaterial to our advisory relationships with our clients.