Advanced Capital Group, Inc.
Form ADV Part 2 | Firm Brochure

50 South Sixth Street, Suite 975

Minneapolis, MN 55402

TF: 866-225-5224

T: 612-230-3000

F: 612-230-3019

www.acgbiz.com

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Item 1: Cover Page

This brochure provides information about the qualifications and business practices of Advanced Capital Group, Inc. ("ACG"). If you have any questions or concerns about the contents of this brochure, please contact us at (866) 225-5224 or (612) 230-3000. The information in this brochure has not been approved orverified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about ACG is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for ACG is 109673.

ACG is an SEC Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

ADVANCED CAPITAL GROUP

The vision to grow together

Item 2: Material Changes

ACG updates this document annually or more frequently in the event of certain material changes. This section outlines and summarizes the specific changes made since the document's previous update.

The following changes were made since the last update in January 2020.

Item 4 – Has been updated with new regulatory assets under management.

Item 5 – Has been updated with information related to FlexPath Managed Account Services.

Item 8 – Has been updated with information related to Mortgage-backed securities risks.

ACG will deliver a copy of this Part 2A to its clients within 120 days of the close of its fiscal year to make sure clients are aware of any material changes to the firm's business philosophies and practices.

ACG's clients may request a full copy of the latest version of this document at any time by contacting Daniel Schroeder, Chief Compliance Officer, at 612.230.3003 or dschroeder@acgbiz.com.

Item 3: Table of Contents

Item 4: Advisory Business

ACG is an independent fee only Investment Advisor and is registered with the SEC. ACG has no broker-dealer affiliation and accepts no commissions from registered products.

ACG was incorporated in Minnesota in 1998. Its principal owners are Charles Langowski, Justin Dorsey,and Patrick Larson.

ACG has four (4) distinct practice lines:

1. Institutional Investment Consulting,
2. Institutional Investment Management
3. Financial Wellness
4. Individual Wealth Management

1. Institutional Investment Consulting

In its Institutional Investment Consulting practice, ACG advises clients on the hiring, monitoring, and replacing of third-party Investment Managers, principally mutual funds and pooled products like separate accounts and collective investment trusts.

The biggest component (measured in assets-under-management) of this practice is employer sponsored retirement plans that are regulated by ERISA. In turn, most of those plans are participant-directed retirement plans (401k, 403b, and 457) for which ACG also provides (at the option of the Plan Sponsor) participant investment-education. Generally, if a client wants ACG to provide participant investment-education it is because that same client has engaged ACG to coordinate with the plan's recordkeeper the construction of customized and automatically rebalanced Model Portfolios. In technical terms, the goal of those portfolios is to fall within the safe harbor provisions of DOL Interpretative Bulletin 96-1 and therebybe treated as "education" rather than "advice."

In addition to participant-directed retirement plans, ACG also works with employer-sponsored traditional defined benefit plans; cash balance defined benefit plans, and 409A supplemental executive compensation plans.

In terms of what kind of investment advice ACG will provide, it offers to serve as either/both an ERISA Sections 3(21) and/or 3(38) fiduciary investment adviser. An example of the foregoing would be whereby ACG acts as a section 3(21) co-fiduciary for the selection and monitoring of the plan's "Designated Investment Alternatives" (DIA's) (as that term is described in 29 CFR 2550.404a-5). (ACG's section 3(38)services are described hereinafter after in Item #16).

Besides providing investment advice, ACG is often asked to help a client benchmark its retirement plan. Sometimes, the scope of that exercise can be quite limited, e.g., a high-level recordkeeping fee comparison. Other times when the client is unhappy with service and wants to make a change altogether, the scope canbe very extensive.

Another line of business where ACG provides institutional investment consulting is endowments/foundations. Most endowments/foundations have some sort of annualized (or smoothed) distribution target. But, making distributions in a "down" market can have profound and long lasting negative compounding effects – particularly if during the same down-market donor contributions slow-down or cease altogether.

While "alternative asset class" discussions dominate many conversations about endowment/foundation investments, ACG stresses the importance of judicious cash management. And our years of experience building strategic asset allocation portfolios and selecting/monitoring investment managers (both passive and active) for the many retirement plans with which we work is directly transferable to endowments/foundations. Finally, endowments/foundations can tactically reallocate their investments without the requisite time-delays incumbent on retirement plans because of the necessary participants' notices. That four-part approach (strategic asset allocation + customized cash management + passive/active manager selection/monitoring + tactical reallocation) is a general description of our endowment/foundation investment consulting methodology.

Our final area of institutional investment consulting is with Native American Tribal Councils. Initiatives and priorities can vary. Several disparate examples might include retirement plans for casino employees, minor's trusts, trusts to buy-back reservation lands from non-tribal members or cash funds for ongoing construction projects.

2. *Institutional Investment Management*

In its Investment Management practice, ACG buys and sells individual securities, almost exclusively fixed-income products. In that practice, it works with institutional clients such as pension plans, banks, and insurers. To illustrate, ACG might be hired by a bank to help it manage its capital reserves. In that role, the bank might ask whether ACG will conduct independent credit analysis on its holdings to alleviate the bank from relying solely upon credit rating agencies. ACG might also be asked to measure the "efficiency" of individual holdings in the context of their capital discount-weightings. Ongoing, ACG might be asked to make asset class relative value analysis in the context of prevailing and forecasted interest rates.

3. *Asset Liability Immunization Strategy (ALIS)*

Advanced Capital Group's Asset Liability Immunization Strategy (ALIS) is a method for pension plans to stabilize their funding ratio and future contributions versus traditional pension plan management.

The approach to de-risking a pension plan is through the creation of a custom glide path where a plan sponsor determines a set of targeted asset allocation levels as the plan's funding ratio improves. Recognizing that all plans are different, the glidepath should begin with an understanding of the long-term funding goal of the plan. From there, a dynamic glide path based on the funding level and ability to accept risk and /return can be developed. Current strategies typically rely on some form of a pooled fixed-income index product to construct the immunization strategy. Although an improvement in strategy, it creates the possibility of a duration mismatch in key duration segments or buckets due to the index construction.

To counter that risk, ACG's Institutional Investment Management team will construct a custom allocation to optimize the match between a plan's liability duration buckets and asset durations. This customization enhances the effectiveness of a plan's overall hedge ratio and is designed to immunize the portfolio against any interest rate shocks due to duration mismatch. All asset management services are included in ACG's stated advisory fee.

4. *Financial Wellness*

Financially stressed employees cost employers thousands of dollars in lost productivity and increased medical costs. Debt burdens, paying for college or wondering if retirement is possible, can compile to make employees financially unwell and distracted at work. Education, inspiration, and tools can get your employees on track to healthier financial lives. Education consultations and "The Well" suite of services from Advanced Capital Group are more than employee education, they help employees take action, no matter their stage of life. Financial wellness benefits can maximize participation in your retirement plan, reduce medical costs, increase employee productivity and engagement and act as a powerful recruiting and retention tool.

ACG's "The Well" is a suite of services built to help employees with financial questions and goals no matter their stage of life. It has three parts which can be offered independently or in tandem.

1. Group education can be tailored to your retirement plan and delivered in-person or online. Partial and full-day options are available and may include one-on-one retirement related Q&A. Foundational education topics include:

    - Your Retirement Plan - Help employees make the most of their plan
    - Finances for Life Planning - Inspire employees to manage their finances
    - Pre-Retirement Planning - Strategies to leverage retirement savings
    - Legacy Planning - Prepare for life after work

2. Interactive Learning Modules delivering engaging and personalized learning through bite-sized modules on a variety of topics—like building emergency savings, considering home ownership, higher education and more. It is a mobile-friendly platform that's:

    - Customizable with your unique benefits
    - Supported by implementation, promotion, and marketing collateral
    - Includes a family learning center
    - Can include Personal Financial Advisory and Group Education

3. Personal Financial Advice can give employees the freedom and flexibility to receive individualized guidance on financial topics that matter most to them, via one-on-one consultations with a CERTIFIED FINANCIAL PLANNERTM (CFP®). Personal financial advisory offers:

    - Comprehensive and goal-based planning—including live assistance for specific questions
    - Unbiased and tailored advice from a fiduciary, based on their best interest
    - Industry-leading, goal-based planning software

- Customized investment solutions through an Eligible Investment Advice Arrangement (optional)

5. *Individual Wealth Management*

In its Individual Wealth Management practice, ACG services clients who engaged ACG directly or were introduced to ACG.

Eligible Investment Advice Arrangement

The Pension Protection Act of 2006 (PPA) provided a prohibited transaction exemption for plan fiduciaries who, in addition to providing investment advice to the plan for a fee, also provide investment advice to plan participants for a fee – via an IRA rollover or otherwise. To be eligible for the exemption, the advice must be provided through an "eligible investment arrangement." An "eligible investment advice arrangement is an arrangement that either:

- Pays level fees to the investment adviser, (meaning any fees received by the adviser entity and the individual representative of the adviser must not vary based on the investment options selected), or
- Uses an objective certified computer model to provide the advice.

Subsequently, the Department of Labor (DOL) issued a "Final Rule" which provided guidance for complying with these and other conditions of the exemption. See Investment Advice – Participants and Beneficiaries, Federal Register, Vol. 76, No. 206, pp. 66136-66167, Tuesday, October 25, 2011.

The Final Rule establishes the conditions fiduciary advisers must follow to comply with the prohibited transaction exemption provided by the PPA. Parties eligible to be "fiduciary advisers" include banks, insurance companies, broker dealers and registered investment advisers, as well as all of their affiliates, employees, representatives, and agents. In addition, a person who develops or markets the program used to provide the advice is considered a "fiduciary adviser."

ACG uses a Fee-Leveling arrangement to comply with the Final Rule.

The Final Rule requires a fee-leveling arrangement to meet the following conditions:

- The advice must be based on generally accepted investment theories that take into account historic returns of different asset classes over defined periods of time;
- The advice must take into account investment management and other fees and expenses of the recommended investments;
- The fiduciary adviser must request information relating to age, time horizon (e.g., life expectancy, retirement age), risk tolerance, current investments in designated investment options, or assets or sources of income, and risk preferences of the participant or beneficiary. If the participant or beneficiary provides the requested information, the adviser must take the provided information into account when providing advice; and
- The fiduciary adviser may not receive from any party, directly or indirectly, any fee or compensation that varies based on the participant's or beneficiary's selection of an investment option. Compensation includes commissions, salary, bonusses, award, promotions, or other things of value. A compensation or bonus arrangement that is based on the overall profitability of an organization may be permitted under certain circumstances.

The investment advice arrangement must be authorized by a plan fiduciary other than the person offering the arrangement. The investment activity must occur solely at the direction of the participant/beneficiary, the compensation received by the fiduciary adviser must be reasonable, and the terms of the investment activity must be at least as favorable to the plan as an arm's-length transaction. Finally, the fiduciary adviser must provide the authorizing fiduciary with a written notice that the adviser intends to comply with the conditions of the exemption and that the investment advice arrangement will be audited annually, and that the auditor with furnish a copy of the findings within 60 days of completing the audit.

ACG uses Dalbar, Inc. as its independent auditor.

Before providing the advice, and annually thereafter as long as that advice continues to be given, the fiduciary adviser must give participants/beneficiaries receiving that advice a written notice (in a manner to be understood by the average participant) describing:

- The role of any party that has a material relationship with the fiduciary adviser in the development of the program and the selection of investment options available under the plan;
- The past performance and historical rates of return of the designated investment options available under the plan, if not otherwise provided;
    a) All fees or other compensation the fiduciary adviser or affiliates receive in connection with theadvice, investment activity, or rollover of plan assets or investment of plan distributions;
    b) Any material relationships of the adviser or affiliates in security or other property;
    c) The manner and circumstances in which the participant/beneficiary information will be used;
    d) The types of services provided by the investment adviser in connection with the provision ofinvestment advice;
- That the adviser is acting as a fiduciary of the plan in providing the advice, and
- That the participant/beneficiary may separately arrange for the advice by another adviser that could have no material affiliation with and receive no fees or compensation in connection with the security or other property.

Intelligent Portfolios

Institutional Intelligent Portfolios® is an automated investment management platform that allows ACG to build a customized suite of portfolios for clients, based on ACG's investment approach. ACG has selected the types of strategies offered, the number of different portfolios across the risk spectrum from more conservative to more aggressive, the asset classes and their weightings in each portfolio, and the specific mutual funds or exchange-traded funds (ETFs) that are available.

Institutional Intelligent Portfolios® ("IIP") is a technology and service platform made available by Schwab Performance Technologies ("SPT") to independent investment advisors ("Advisors") who maintain a business relationship with Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. ("Schwab"). IIP is used by Advisors to provide their clients with an automated investment management service.

Schwab, a registered broker-dealer, and member SIPC, provides custody, trading and support services. SPT and Schwab are separate companies affiliated as subsidiaries of The Charles Schwab Corporation, but their products and services are independent from each other.

FlexPath Managed Account Services

ACG's FlexPath Managed Account Services is a defined contribution retirement plan investment service whereby ACG, in conjunction with NFP/Retirement Plan Advisory Group, builds a set of model portfolios and partners with Morningstar who sets the asset allocation amongst those model portfolios in order to create a unique portfolio for a defined contribution retirement plan participant. The managed account's asset allocation is designed to reflect the participant's age, and other personal information, and can be affected when additional data, including a spouse's information, is provided by the participant. As the employee grows older, or personal circumstances change, the allocation can be adjusted and the exposure to (more conservative) bonds may be increased or the allocation to (more volatile) equities may be reduced, for example. The underlying model portfolios used by Morningstar are monitored by ACG and NFP/Retirement Plan Advisory Group and are periodically rebalanced.

Risk of Loss

Generally, the greater the anticipated return of an investment, the higher the risk of loss associated with that investment. There is no assurance that an investment will provide positive performance over any period of time. Past performance, while important, is no guarantee of future results and different periods and market conditions and asset allocation may result in significantly different outcomes. Specific types of risk each client should understand, as they may be applicable to unique investment assets in a portfolio, include:

- Market Risk: The performance of the managed account may drop in reaction to certain events and conditions. For example, political, economic, and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Asset Allocation Risk: Asset allocation may have a more significant effect on account value when one of the heavily weighted asset classes is performing more poorly than the others.
- Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Fees for the managed account service can be paid by either the plan sponsor or the participant and are split amongst ACG, NFP/Retirement Plan Advisory Group, and Morningstar.

Amount of Managed Assets

As of December 31, 2020, ACG had a total of $26,614,690,549 of assets under management. On a discretionary basis, ACG managed $458,077,423 while providing non-discretionary advice on an additional $26,156,613,125.

Item 5: Fees and Compensation

ACG's fees are negotiable, as well as how ACG is paid. Fees may be in the form of basis points, a fixed dollar amount or a combination of both. ACG may also charge fees on either a project or hourly basis. Clients can choose to have fees deducted from assets or be billed directly. In either case, ACG's arrangements for payment can be monthly or quarterly in arrears or in advance.

If ACG is paid for services in arrears, and a client terminates their contract at any time during the billing period, there are no advanced fees that are paid that would require a refund.

If ACG is paid for services in advance, and the client terminates their contract at any time during the billing period, any unearned fees resulting from the paid advance billing will be returned, prorated by the number of days where financial services will not be performed in that billing period. This payment will be remitted within 30 days of contract termination.

ACG does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. It therefore has no conflict of interest with those investments and does not recommend them based on the compensation received but, rather, on a client's needs. Clients of ACG always have the option to purchase investment products that ACG recommends through other brokers, agents or investment advisors not affiliated with ACG.

ACG does not use mutual funds or pooled products that pay upfront or deferred sales commissions.

ACG's sole source of compensation is the fee disclosed in ACG's service agreement.

ACG's clients may be charged transaction fees or a recordkeeping fee by their selected trustee or custodian. That fee may be either assessed against the client's account or paid directly by the client. It is not a fee that ACG charges – nor does ACG derive any revenue from such fee(s). Finally, the decision of how that fee is paid is made by the client and not ACG.

Mutual funds and other types of pooled accounts generally have management fees (expressed as expense ratios) embedded in them. Expense ratios generally negatively affect the return of investment vehicles. While expense ratios are generally disclosed in advance by the pooled vehicles, other expenses embedded in them can be more difficult to discern. A case in point is actual per-share trading fees. Except for per-share trading fees, most expenses are accounted for in the fund's prospectus or in the case of a separate account are generally available upon request of the separate account's management. ACG relies on publicly available software systems to calculate expense ratios. Trading expenses and various "other" expenses are not generally tracked by those publicly available software systems and ACG does not otherwise account for them.

ACG generally passes through to clients' out-of-pocket expenses (out of town travel, hotels, car rental, major printing, etc.) except meals, at cost.

ACG does not accept any soft dollars.

To explain how its fees are calculated, each of ACG's three practice areas will be discussed separately.

1. *Institutional Investment Consulting*

In its Institutional Investment Consulting practice, ACG works primarily with employer sponsored retirement plans, endowments/foundations, and Tribal Councils. In its retirement plan consulting practice, ACG offers three tiers of service. First, ACG helps the plan sponsor select and monitor its retirement plan(s) core funds and suggests replacements when, and if, necessary. Second, ACG offers to provide participant investment education and assistance. Finally, ACG helps employers benchmark their sponsored plan's existing features and services to confirm that the total fees paid are reasonable for the services received.

Fees may be in the form of basis points, a fixed dollar amount or a combination of both.

Some ACG clients choose to pay ACG directly while others pass ACG's fees through, in whole or in part, to the plan trust. This decision is completely up to the client.

ACG does not have a standard fee schedule when providing its Institutional Investment Consulting services as its fees depend on many factors and complexity.

2. *Institutional Investment Management*

ACG's third business line is the providing of fixed-income investment-management (e.g., corporate cash management) to institutional clients like pension plans, banks, and insurance companies. Its fees are negotiable, but generally begin at 0.05% (5 basis points) annually.

3. *Financial Wellness*

As set out herein, ACG provides an assortment of Financial Wellness services. And the method of compensation differs from service to service – as well as by size of Client (e.g., participant head count). In some instances, it might be a flat fee while in others a per participant fee. But what is consistent across all is that ACG does not accept sales commissions or soft dollars – and all fees are disclosed to Clients.

4. *Individual Wealth Management*

In its Wealth Management department, ACG works with individual clients to build customized portfolios given the client's unique risk tolerance. In general terms, ACG's customized portfolios consist of either 1) mutual funds/ETF's or 2) individual municipal bonds – or some combination of the two. Clients are charged a basis points fee, which fee clients can choose to pay from outside their account or have deducted from their account.

ACG currently requires a $5,000 initial minimum investment and its management fee begins at 100 basis points (1%) for the construction and oversight of a broadly diversified portfolio consisting of mutual funds and/or ETF's.

Item 6: Performance-Based Fees and Side-By-Side Management

ACG does not charge performance-based fees.

Item 7: Types of Clients

Institutional Investment Consulting: ACG works primarily with employer sponsored retirement plans, foundations/endowments, and Native American Tribal Councils. ACG does not have a minimum account size.

Institutional Investment Management: ACG works primarily with pension plans, corporations, banks, and insurers. ACG's minimum account size is $500,000.

Financial Wellness: This is generally an additional service provided for our institutional clients.

Individual Wealth Management: ACG's current minimum account is $5,000, but in certain cases will consider other amounts if requested by a family or household relationship with accounts currently at ACG.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

1. Methods of Analysis

The focus of ACG's Institutional Investment Consulting practice is on portfolio analytics. For most accounts, ACG follows the principals of Modern Portfolio Theory. ACG's goal is to build portfolios along an efficient frontier and then discuss the pros and cons of taking on more, or less, risk along that arc with each client.

ACG's Institutional Investment Management decisions for institutional clients generally take into consideration the duration of the liabilities as well as the interest rate risk of the assets. Throughout ACG's investment management practice, credit analysis is also a significant focus. Those are not the only considerations, but they are the predominant ones.

ACG's Individual Wealth Management practice is mostly comprised of two different types of clients: ones for whom ACG builds a "total" portfolio (generally comprised of mutual funds and ETF's) and others for whom it manages a fixed income portfolio (which, in turn, generally forms a component of the client's overall portfolio).

ACG's investment and portfolio analytics relies solely on historical data and do not predict future outcomes. Thus, in extraordinary events, the use of historical data may not be helpful. The financial market changes in 2008 and early 2009 is an example. In ordinary market environments ACG seeks to provide superior risk-adjusted returns compared to the broad market itself.

To assist our review process, we acquire our investment manager data from several primary external sources: Envestnet, Bloomberg, Morningstar Direct, Morningstar Office, and Steele Data Systems. We support that data by having direct contact and interviews with fund personnel and managers.

We utilize Bloomberg for real time fund and industry news related to the managers and management firms used within our client's retirement plans. This news is delivered real-time to our investment consultants and research analyst for further consideration.

ACG has also developed a propriety analysis tool we refer to as Rolling Periods of Time ("RPT"). This tool allows us to analyze a manager over several unique rolling time-periods rather than just one static time period. For example, a manager with a 4-year performance history will have only one three-year performance period to analyze. The RPT tool allows us to construct thirteen (13) 3-year periods of time and analyze the managers risk and return characteristics over those periods to determine the manager's ability to deliver value consistently rather than just one time.

In addition to these research tools, ACG has also developed internal asset class valuation metrics and on a quarterly basis we prepare our own detailed economic review. These tools are not utilized to anticipate the future path of economic growth, they are utilized to track the relative valuation of various asset classes and how those relationships affect the performance of the asset managers our clients utilize. By understanding the market environment that an asset manager is operating in, their performance relative to their peers and the broad market can be better understood.

2. *Investment Strategies*

In its Institutional Investment Consulting practice, ACG generally uses mutual funds, separate accounts and/or collective investment trusts to construct broadly diversified portfolios using the Client's Investment Policy Statement ("IPS") as its guide. Each Investment Policy Statement will vary from client to client, but in general terms will consist of the following services:

- Develop and oversee the Investment Policy Statement;
- Prepare Monitoring Reports;
- Attend Investment Committee Meetings;
- Prepare and distribute Reports for funds that fail the IPS and are recommended for replacement; and
- Evaluate alternative share classes and revenue sharing, if applicable.

For its employer-sponsored retirement plan clients, ACG is often retained as an ERISA section 3(21) Advisor or ERISA section 3(38) investment manager to coordinate with the Plans' recordkeeper the construction and automatic rebalancing of Model Portfolios consistent with the education safe harbors enunciated in Department of Labor Interpretive Bulletin 96-1. In conjunction with their construction, ACG is often retained to educate the Plans' participants about them. Delivery methods include, but are not limited to:

- In-person (e.g., group and/or one-on-one meetings),
- Internet based seminars,
- Recorded Internet Video Vignettes and/or
- Conference calls.

In its Institutional Investment Management practice, ACG works with pensions, mid-sized banks, and insurers to deliver consultative, transactional and reporting benefits. In that capacity, ACG acts as outsourced portfolio managers and analysts. With the clients' input, ACG designs portfolio strategies that are unique to the client and recommends sectors and structures based on relative value. In consultation with the Client, ACG buys/sells fixed-income securities for the portfolios. ACG's general philosophy is buy-and-hold. That said, at various times ACG has either shortened or lengthened the duration depending on market and economic conditions. And there have been times in ACG's Institutional Investment

Management practice that fixed-income securities have been sold shortly after their purchase due to a sudden and dramatic movement in interest rates that was beneficial to its clients. Transactions are done competitively, and trade execution is documented. Finally, its quarterly reports are designed to provide management with the ability to make portfolio buy/sell decisions against the backdrop of capital reserve weightings and efficiency.

In its Individual Wealth Management practice, ACG has several different investment strategies. The most generic is to build a broadly diversified risk-based portfolio generally consisting of mutual funds. (In some instances, ETFs and/or separate accounts have also been used).

For the appropriate Individual Wealth Management client, ACG will also build customized fixed-income portfolios. To date, most of those have been built using municipal bonds and, in turn, most of ACG's individual fixed-income clients have been referred to it through ACG's previous participation in the Charles Schwab, Inc. SAN program.

3. *Risk of Loss*

All investing involves risk of loss and ACG enunciates that risk in its Service Agreements.

The material risks associated with ACG's Investment Consulting practice are common to all mutual funds and pooled products like separate accounts and collective trust funds. The risks can include non-systematic risks like: a) management, or company risk, which reflect the decisions a company's managers make that affect the performance of its stock or it can be b) credit, or default risk, which is the risk the company or entity (public) fails to make bond interest or principal payments on a timely basis. The risks could also be systematic and include: a) inflation (increasing inflation can reduce the value of an investment, in particular bonds), b) the change in value of a bond due to changes in interest rates, c) the change in value of one currency versus another, d) the inability to buy or sell an investment quickly due to its lack of liquidity and/or e) the possibility that political or social unrest will affect investment performance and market function.

In ACG's Institutional Investment Management practice, risk can be a) management (company, or governmental entity, etc.) risk, which reflect the decisions the managers or civic leaders make that affect the performance of its bond or it can be b) credit, or default risk, which is the risk the company or governmental entity fails to make bond interest or principal payments on a timely basis. The risks could also be systematic and include: a) inflation (increasing inflation can reduce the value of an investment, in particular bonds), b) the change in value of a bond due to changes in interest rates, c) the change in value of one currency versus another, d) the inability to buy or sell an investment quickly due to its lack of liquidity and/or e) the possibility that political or social unrest will affect investment performance.

In its Institutional Investment Management practice, ACG also buys an assortment of taxable fixed income securities. The most common types are corporate bonds, mortgage backed (MBS), collateralized mortgage obligations (CMOs), and securities issued by government agencies like FNMA, FHLB, FHLMC and FFCB. Risk of default is the most material risk associated with corporate bonds because the issuing company is the only entity responsible for payment to the bondholder.

MBS and CMOs possess a unique risk known as prepayment risk. The securities are backed by residential mortgages which can be prepaid without penalty at any time. The individual MBS and CMOs can trade at a premium which is at risk if the mortgage prepays. This type of risk is managed by knowing the specific characteristics of the individual mortgages (such as loan size, geographic diversification, mortgage term, rate etc.) and how the specific security will react to changes in prepayment behavior. The risk unique to agency backed bonds (FNMA, FHLB, FHLMC and FFCB) is call-risk. A call feature allows the issuer to redeem the security on or after a specific date at a specific price. Unfortunately, the call feature tends to be exercised by the issuer at the time most disadvantageous to the investor. The easiest way to avoid this type of risk is by not purchasing securities with a call feature. The more common method is to purchase securities with a call feature as a small percentage of the total portfolio. An investor earns a higher yield if a security contains a call feature versus one that does not so there is a benefit to the investor. Call risk is common with agency and municipal issued securities.

The second major risk is the risk of default. This only applies to privately issued MBS as the government guarantees the payment of principal for MBS issued by Fannie Mae, Freddie Mac and Ginnie Mae. (Note: Ginnie Mae, Freddie Mac and Fannie Mae involve mortgage and home loans. The key difference between Ginnie Mae and the others is that Ginnie Mae is a federally-owned corporation. The others are government-sponsored enterprises (GSEs) or federally chartered corporations that are owned by private shareholders. Ginnie Mae guarantees only securities that comprise mortgages guaranteed by federal agencies, such as the FHA and VA, while Freddie Mac and Fannie Mae may back securities whose mortgages are not insured by those federal bodies.[1])

While privately issued MBS set aside funds to cover some defaults (called credit support) and we typically purchase those tranches that have the highest percentage of credit support for a given issue. This type of security also receives the highest credit rating from the rating agencies. It is rare that a tranche originally rated AAA (the highest credit rating) suffers a loss of principal. It was more common during the 2008 – 2009 recession but private MBS issued after that time have much more credit support. Prior to 2008 the percentage was typically 2% - 3% and after 2008 the percentage increased to 10% - 12%. Underwriting standards also increased like lower loan to value ratios giving the investor additional protection.

In ACG's Individual Wealth Management department, risk varies depending upon the Client's chosen strategy. For Client's who engage ACG to build for it a mutual fund and/or ETF risk-based portfolio, the risks can include non-systematic risks like: a) management, or company risk, which reflect the decisions a company's managers make that affect the performance of its stock or it can be b) credit, or default risk, which is the risk the company fails to make bond interest or principal payments on a timely basis. The risks could also be systematic and include: a) inflation (increasing inflation can reduce the value of an investment, in particular bonds), b) the change in value of a bond due to changes in interest rates, c) the change in value of one currency versus another, d) the inability to buy or sell an investment quickly due to

[1] https://www.investopedia.com/terms/g/ginniemae.asp

its lack of liquidity and/or e) the possibility that political or social unrest will affect investment performance and market function.

For its individual wealth management, fixed-income clients, security selection is also a substantial risk. Today, an investor in municipal bonds needs to accept the fact that municipalities have in the past and may in the future default on their bonds. ACG works to mitigate this risk by employing a rigorous credit analysis process but this process still cannot guarantee success. Today, there is a special and opaque risk associated with the true cost of the post-retirement liabilities municipalities have promised to their retirees. That risk is substantial, and buyers of municipal bonds need to be aware of it. As noted earlier, it is possible for Municipalities to default on their bonds – and even go into bankruptcy. It has happened in the past. The Great Depression saw several Municipalities default or declare bankruptcy. Historically, defaults of essential purpose and general obligation municipal bonds have been rare. Inflation and security specific defaults have been and will continue to be a principal risk for municipal bonds.

Item 9: Disciplinary Information

ACG is required to disclose any legal or disciplinary events that are material to a client's or prospective clients' evaluation of our advisory business or the integrity of our management.

ACG and its management personnel have no reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

The principals of ACG are also shareholders in a separately incorporated benefits consulting firm d.b.a. ACG Benefits and Risk Consulting (ACGBRC). ACGBRC is an insurance agency incorporated and licensedin the State of Minnesota. Most of ACGBRC's business consists of consulting on employer-sponsored health care plans (including Financial Wellness) and voluntary benefits. Several of ACG's retirement plan consulting clients are also clients of ACGBRC, and vice versa.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

ACG's Code of Ethics is specifically intended to comply with Rule 204A-1 under the Investment Advisers Act of 1940. Structurally, its goal is to set forth standards of conduct and require compliance with federal securities laws and that reflect the fiduciary principals of the Advisers Act to wit: ACG and its personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to its spirit as well. Its Code applies to all supervised persons at ACG. Its broad categories include: Standard of Conduct and Compliance with Laws, Rules and Regulations; Protection of Material Non-Public Information; Personal Securities Trading and Consequences for Failure to Comply and Reporting Certain Conduct.

In addition to its Code of Ethics, ACG also has a Compliance Manual (containing a number of policies), and, separately, a Business Continuity Plan, Anti-Money Laundering Policy, Insider Trading Policy, Restricted Investment List, Quarterly Personal Trading Reports, an Identity Theft Protection Program, and a Cybersecurity program, as well as "Insider Trading Policies and Procedures.

Copies of the above will be provided to any ACG client upon request. Copies will also be provided to prospective client upon the execution of a Non-Disclosure Agreement. You may request a copy by email sent to our Chief Compliance Officer, Daniel Schroeder at dschroeder@acgbiz.com or by calling us toll free at: 866-225-5224.

Item 12: Brokerage Practices

In its Institutional Investment Consulting and Institutional Investment Management practices, ACG works with the qualified custodian of the client's choice. In the case of the former, trades are initiated through the client's chosen qualified custodian so seeking external best execution is not an option. In the case of the latter, ACG will generally seek best execution on the open market which entails delivery-versus-payment coordination between the external broker and the client's custodian.

In the case of Individual Wealth Management accounts, ACG recommends that clients establish brokerage accounts (to maintain custody of clients' assets and to affect trades for their accounts) with either Charles Schwab & Co., Inc., or Fidelity, both of whom are "qualified" custodians, FINRA registered broker-dealers and members of SIPC. If a client wishes to use an alternate qualified custodian, ACG will make best efforts to accommodate the client. When possible client purchases and sales are aggregated to achieve the most efficient execution. Reasonable efforts are used with the goal being that fixed-income purchases are to be allocated among accounts using the following prioritization; suitability for type of account (municipal, short-duration taxable accounts etc...), percentage of account not invested (percentage of the account in cash), duration of the position relative to account duration (in the context of the duration of the relevant benchmark duration) and finally subjective fit for a specific account (i.e. If a position were non-callable it would be most appropriate to place it in an account with a significant amount of call risk as opposed to an account comprised entirely of non-callable bonds - all proceeding factors being equal).

Item 13: Review of Accounts

On a quarterly basis, each of ACG's Institutional Investment Consulting clients is provided with a comprehensive investment overview. Their preparation is a team effort, as is their internal review, which would be led by ACG's assigned investment advisor. Typically, meetings are held quarterly with those clients' investment committees to review those reports.

ACG's Institutional Investment Management clients receive quarterly statements. Their preparation is a team effort, as is their internal review, which would be led by ACG's assigned investment manager. In addition, it is generally the norm to meet with those clients, in person or via phone, to review those reports.

Preparation of ACG's quarterly reports for Individual Wealth Management clients is a team effort, as is their internal review, which would be led by ACG's assigned investment advisor. On a monthly basis client asset allocation positions and relative performance are reviewed and discussed by the Investment Management team. Changes in market dynamics, economic forces, or a change in an investment manager within a portfolio may prompt a review of all impacted portfolios.

On an ad-hoc basis spot checks are performed on individual accounts to test for best execution, block-trade distribution practices and consistency of fees being deducted with fees agreed to in the respective service agreement. Offers are made to meet with individual clients throughout the year and at year-end a request is made to those individual clients to update ACG with any substantially changes in their lives that would make them want to change their investment goals and objectives.

For its Institutional Investment Management and Individual Wealth Management clients, ACG engages an independent third-party to reconcile account activity and balances on a quarterly basis to assure accuracy of reports. On that report, clients are encouraged to compare that accounting with the reports that it gets from its Qualified Custodian.

Item 14: Client Referrals and Other Compensation

For clients obtained through ACG's prior participation in Schwab's SAN program, ACG pays Schwab a Participation Fee on all client accounts that were referred that are maintained in custody at Schwab and a non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by ACG is a percentage of the fees the client owes to ACG or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. ACG pays Schwab the Participation Fee for so long as the SAN client's account remains in custody at Schwab. The Participation Fee is billed to ACG quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by ACG and not by the client. ACG has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs ACG charges clients with similar portfolios who were not referred through the Service.

ACG generally pays Schwab a non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The non-Schwab Custody Fee is higher than the Participation Fees advisors generally would pay in a single year. Thus, ACG will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and non-Schwab Custody Fees will be based on assets in accounts of ACG's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, ACG will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit ACG's fees directly from the accounts.

For accounts of ACG's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from ACG's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees.

Thus, ACG may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. ACG nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for ACG's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Item 15: Custody

"Custody" as that term is used by the SEC, is very particular. To many, it generally denotes physicality but, the SEC uses it more broadly. To be specific, if an adviser has no physical possession (or right to possess/access/distribute) of a client's securities but the adviser has the authority to direct the qualified custodian who has their physical possession to deduct its investment management fee on a periodic basis from the client's account – then the advisor technically has custody. But, in that limited situation the adviser is given safe harbor protection so long as the custodian who has physical possession of the client's assets is a "qualified" custodian (verified annually) and the advisor directs the client (on a recurring basis) to compare/contrast the statements the client might get from the advisor with those that it otherwise gets from the custodian. (Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things.) To rely on the SEC safe harbor, ACG only uses qualified custodians and does not take possession of client assets.

Perhaps the easiest way to make sense of this is to ask: do any of ACG's clients authorize it to direct the client's custodian to deduct ACG's fees on a regular basis from the clients' accounts? The answer is that "yes," in some cases they do (which we previously disclosed in Item 5: Compensation) and in those cases, ACG follows the preceding guidelines.

There are additional nuances to this topic. For instance, the advisor cannot be the conduit between the client and its custodian for the delivery of securities (except checks). Should the client deliver securities to ACG (e.g., stock certificates) they will be returned to the client expeditiously and ACG maintains a log to that effect. While it will not accept it as routine/ongoing practice, ACG will forward to the client's custodian occasional checks from the client and made out in the name of the custodian. Again, it will do so expeditiously, and it keeps a separate log to that effect. Then there is the question of directing the custodian to make "distributions" from the account. ACG has instructed the qualified custodians with which it works to withdraw any authority it might have given ACG (with or without ACG's knowledge) to direct such distributions. One additional nuance to distributions is that ACG may be empowered to direct the movement of monies between a client's own accounts.

The goal of the foregoing is to give a comprehensive, succinct but logical overview of the SEC's Custody Rule.

Item 16: Investment Discretion

Clients may hire us to provide discretionary Investment Advisory Services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell;
- Determine the amount of the security to buy or sell; and/or
- Rebalance the client's account.

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. Finally, ACG's service agreement directs each client to review that contract with a lawyer of their choosing.

1. Institutional Investment Consulting

ERISA section 3(38) allows a Plan Sponsor to delegate to a Registered Investment Advisor (or bank or insurance company) its investment management oversight responsibilities. While this provision has been in place since inception, Plan Sponsors have been slow to avail themselves of it. When the Pension Protection Act was passed, it provided for Qualified Default Investment Alternatives ("QDIA") with one option being to have them customized for the Plan by a section 3(38) Investment Manager. Today, ACG serves as a section 3(38) manager to several customized QDIA's. More recently, Plan Sponsors have asked ACG to act as a section 3(38) manager for all their Plans' investment offerings.

2. Institutional Investment Management

On a case-by-case basis, we may agree – and have agreed – to accept discretionary management of fixed income portfolios for institutional clients.

3. Individual Wealth Management

In our Individual Wealth Management practice area, we have both non-discretionary and discretionary client accounts. The level of service used is entirely the client's decision.

Item 17: Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Item 18: Financial Information

ACG has no financial circumstances to report.

ACG does not require or solicit prepayment of more than $1,200 in fees per client six months in advance, or otherwise.

ACG exercises discretionary trading authority over certain clients' funds or securities. It does NOT exercise any custody of clients' funds or securities. ACG is unaware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

ACG has not been the subject of a bankruptcy petition at any time during the past ten years (or at any time).