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EMPOWER ADVISORY GROUP, LLC

# **Personal Strategy<sup>®</sup> Wrap Fee Program Brochure SEC Form ADV Part 2A**

This Wrap Fee Program Brochure ("brochure") provides information about the qualifications and business practices of Empower Advisory Group, LLC ("EAG"). If you have any questions about the contents of this brochure, please contact us at (855) 855-8005 or by e-mail at [service-epw@empower.com](mailto:service-epw@empower.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission.

SEPTEMBER 28, 2023

**Empower Advisory Group, LLC 8515  
East Orchard Road, 4T2 Greenwood  
Village, CO 80111 855.855.8005  
[www.empower.com](http://www.empower.com)**

## ITEM 2 MATERIAL CHANGES

This Item 2 summarizes specific material changes that were made to our brochure since the last update in June 2023. We have updated this brochure to reflect the current members of the Personal Strategies investment committee. This summary of changes does not describe all modifications, such as updates to dates and numbers, stylistic changes, or clarifications.

Previous material changes are summarized below:

### **MATERIAL CHANGE ITEMS:**

In August of 2020, Empower Personal Wealth, LLC (f.k.a. Personal Capital Corporation), including Personal Capital Advisors Corporation, was acquired by Empower. In connection with the Empower acquisition, and in effort to achieve better brand alignment, resource synergies and efficiencies under a single “Empower” brand, effective on April 3, 2023, Personal Capital Advisors Corporation merged into Empower Advisory Group, LLC. EAG

While there are no material changes to the advisory services and offerings, as part of the final alignment of companies and brand identity, Personal Capital Advisors merged into Empower Advisory Group, LLC and now provides its advisory services under the EAG name and entity, now known as EAG’s “Personal Strategy®” offering. This ADV has been updated to reflect a number of those associated changes.

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## ITEM 4 SERVICES, FEES AND COMPENSATION

EAG was established in February 2000 and has been a registered investment adviser under the Advisers Act since November 2000. EAG submits notice filings with state securities divisions in all fifty states, the District of Columbia, Guam, U.S. Virgin Islands, and Puerto Rico. EAG offers investment management and advisory services primarily to plan sponsors of employer-sponsored retirement plans such as 401(a), 401(k), 403(b) and 457 plans, including government entities and their participants, direct to retail consumers, and to certain IRA holders. EAG also offers investment management and advisory services to retail brokerage account holders.

EAG is a wholly owned subsidiary of Empower Annuity Insurance Company of America (EAICA), an insurance company domiciled in the State of Colorado. EAICA is a direct wholly owned subsidiary of Empower Holdings, Inc. (EHI), a Delaware holding company. EHI is a direct wholly owned subsidiary of Great-West Lifeco U.S. LLC. (Lifeco U.S.) and an indirect wholly owned subsidiary of Great-West Lifeco Inc. (Lifeco), a Canadian holding company. Lifeco is a subsidiary of Power Financial Corporation (Power Financial), a Canadian holding company with substantial interests in the financial services industry. Power Corporation of Canada (Power Corporation), a Canadian holding and management company,

has voting control of Power Financial. The Desmarais Family Residuary Trust has voting control of Power Corporation, through a group of private holding companies that it controls.

Our Personal Strategy® advisory services (“Advisory Services” or “Services”) combine industry-leading technology with objective financial advice from financial advisors (“Advisors”) who act as fiduciaries to our Clients. EAG charges an all-inclusive fee for its Advisory Services described in this brochure. Our Advisory Services are comprised of the services described below. Availability of some of these Advisory Services depends on the level of investment by a Client.

The web, mobile, tablet, and personal financial management aggregation service (“Dashboard” or “Empower Personal Dashboard”) provided to Clients is delivered through Empower Personal Wealth.

Assets under management (“AUM”): As of January 31, 2023, EAG managed \$99,800,458,621 billion in Client assets on a discretionary basis. AUM naturally fluctuates over time and disclosed AUM may be higher or lower at present date than as of the AUM calculation date.

### ADVISORY SERVICES

- ☐ Ongoing discretionary investment management
- ☐ Periodic rebalancing
- ☐ Tax optimization and tax loss harvesting, as applicable
- ☐ Collaboration with CPA and estate planning professionals
- ☐ Portfolio personalization, as applicable
- ☐ Financial planning education
- ☐ U.S. equity portfolio equal weighting, as applicable
- ☐ Custody services included at no additional charge
- ☐ Securities transaction costs included at no additional charge
- ☐ Assignment of a personal financial Advisor or team
- ☐ Unaffiliated, qualified custodian
- ☐ Minimum relationship size is generally \$250,000
- ☐ Access to a Socially Responsible Personal Strategy that systematically screens U.S.-based companies based on their actions in three key areas: environmental, social, and governance
- ☐ Access to an unaffiliated Private Equity Offering for qualifying Clients, which provides the opportunity to invest in funds of private equity funds. Private Equity Offerings include additional fees.
- ☐ Access to Personal Strategy+™, our employer-sponsored retirement account management services (“Personal Strategy+”) for active or former retirement accounts like 401k, 403b and 457s

Advisors are available during normal business hours and are accessible via telephone, email, or by video conference. Advice is based on each Client’s financial situation typically evidenced by accounts that Clients have linked through the Dashboard, as well as detailed information about personal circumstances such as age, investment time horizon, risk tolerance, expectations, goals, and investment restrictions.

## CORE MANAGED ACCOUNT ADVISORY SERVICES

For our Core Managed Personal Strategy Account Advisory Services ("Managed Account(s)"), EAG charges a single fee based on the value of the Client's AUM. The single fee includes portfolio management, trading commissions, and custody services. Fees are calculated daily and deducted on a monthly basis in arrears. EAG reserves the right to negotiate separate fee and billing arrangements at its sole discretion.

Clients are required to establish brokerage accounts at a qualified custodian ("Broker" or "Brokers") identified by EAG. All identified Brokers are member firms of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). The currently identified Broker is:

Pershing Advisor Solutions LLC

One Pershing Plaza, 4th Floor, Jersey City, NJ 07399, [pershing.com/who-we-serve/registered-investment-advisors](http://pershing.com/who-we-serve/registered-investment-advisors).

All Managed Account Client assets described herein are held in custody at the above-listed Broker. Pershing is not affiliated with EAG.

The Client authorizes EAG to debit Core Managed Account Advisory Services fees directly from the Client's Managed Accounts held with the Broker. If insufficient cash is available to pay such fees, securities will be liquidated to pay the unpaid balance.

## ANNUAL INVESTMENT ADVISORY FEE SCHEDULE

FIRST \$1 MILLION	0.89%
For clients that invest \$1 million or more	
FIRST \$3 MILLION	0.79%
NEXT \$2 MILLION	0.69%
NEXT \$5 MILLION	0.59%
OVER \$10 MILLION	0.49%

## PERSONAL STRATEGY+ ACCOUNT ADVISORY SERVICES

EAG also offers Clients ongoing, discretionary wealth management Services on employer-sponsored retirement accounts. This is a distinct offering from our point-in-time retirement plan allocation services that are available to all Core Managed Account Clients upon request. Fees for Personal Strategy+ management are charged monthly in arrears and calculated based on month-end assets

(or last asset value available during the month). If the Client does not already have a fee account designated and does not elect credit card payment as described below, advisory fees for Personal Strategy+ are deducted from the Client's largest taxable Managed Account custodied at Pershing.

Personal Strategy+ Clients have the option to select credit card payment of advisory fees for Personal Strategy+ Services. For Clients who authorize EAG to charge their credit card for PS+ Advisory Services' fees, EAG engages a third-party vendor to provide the credit card billing option to Personal Strategy+ Services' Clients. Credit card information is processed by the vendor through Dashboard integration and complete account credentials are not stored or accessible by EAG or EAG's employees.

By electing to pay fees for Personal Strategy+ Advisory Services with a credit card, the Client is agreeing to be held to the specific terms and conditions of their credit card agreement directly with the applicable card-issuing financial institution. While EAG accepts credit card payment for Personal Strategy+ Advisory Services, such acceptance is not a recommendation to pay advisory fees by credit card. Selecting this payment method may or may not be the best option, depending on the Client's financial circumstance. While paying advisory fees via credit card could provide more opportunity for assets to grow (as a result of fees not being paid directly from assets), these payments will be subject to the interest rate of the applicable credit card sponsor in the event that the balance of the credit card is not paid off each month. This interest rate is typically much higher than any advisory fees paid for investment services, and the interest rate applicable to credit card borrowing may exceed the performance return of the account. Clients should carefully consider whether paying for Advisory Services with a credit card is appropriate for their specific circumstances, given the benefits and drawbacks. EAG does not assess any surcharge to Clients who elect to pay for Personal Strategy+ Advisory Services with a credit card.

EAG's Personal Strategy+ Advisory Services are limited to providing investment advice and management of the assets in a Client's employer-sponsored retirement account(s) and the plan administrator continues to act as the qualified custodian for these accounts. Any transaction or performance information provided by EAG is for informational purposes only, as the plan administrator for the employer-sponsored retirement account(s) is the official custodian and recordkeeper for all performance and transaction information.

The fee rate for Personal Strategy+™ Advisory Services is 0.49%.

## FEES

EAG reserves the right to reduce its advisory fee rate at its discretion, including for promotional events that may result in complimentary or reduced advisory fee rates for new Clients, for current Clients for referrals, or for early adoption of new services. The fee rate also has been reduced for personnel (including employees and consultants) of EAG and its affiliates. These reductions apply to members of the same households. Fee errors are corrected promptly upon discovery.

In determining whether to establish an account, a Client should be aware that the overall cost to the Client of Advisory Services will be higher or lower than the Client would incur by purchasing separately the types of securities available through the Advisory Services. In comparing the cost of the Advisory Services with unbundled services, the Client should consider the turnover rate in EAG's investment strategies, trading activity in the account, standard advisory fees, and brokerage commissions that would be charged at other broker-dealers and investment advisers.

We have compensation arrangements with our sales and service Advisors that include a component of variable compensation subject to achievement of certain measures, including pertaining to new account AUM, retained account AUM, as well as performance related scores applicable to servicing of Client accounts. Although this variable compensation is only a component of the Advisor's compensation, this creates a conflict of interest because EAG and our individual Advisors earn more revenue, or greater individual compensation, if a Client chooses to hold, retain and add investable assets with us. Compensation paid to Advisors does not increase the fees paid by account holders.

## OTHER FEES AND EXPENSES

All fees paid to EAG for Advisory Services are separate and distinct from the fees and expenses charged by underlying pooled investment vehicles (e.g., exchange traded funds, mutual funds, closed-end investment companies or other managed investments). The specific fees and expenses are described in each vehicle's prospectus or other offering document.

In addition, there are other third-party costs assessed that are not included in the Advisory Services fees, such as costs associated with exchanging currencies, wire transfer fees, Personal Strategy+ plan administration fees charged by the

plan administrator, Personal Strategy+ plan transaction fees, or other fees required by law, as applicable. If a Client elects to pay for Personal Strategy+ Advisory Services by credit card, there may be other fees associated with the specific terms and conditions of that credit card.

Clients who participate in our Private Equity Offering through an arrangement with Institutional Capital Network ("iCapital") will pay additional fees charged by iCapital or the underlying funds.

## ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

EAG generally provides Advisory Services to:

- Individuals,
- High-net worth individuals,
- Corporations and other business entities, and
- Charitable Organizations.

Our Advisory Services are offered to Clients who sign up with a minimum of \$250,000 of AUM with us. Clients who elect to enroll in our Personal Strategy+ program are also required to have a Managed Account with a minimum of \$25,000 in assets. The minimum AUM requirements may be reduced or waived at EAG's discretion.

Clients who invest below \$250,000 fall under our Investment Services tier. In addition to access to the free Dashboard, these Clients have access to a team of Advisors who assist in planning their investment goals. Investment Service Clients normally have portfolios consisting of exchange-traded funds ("ETFs") with goals of diversification and tax efficiency.

Clients who invest between \$250,000 and \$1 million fall under our Wealth Management tier. Wealth Management Clients are provided a comprehensive financial plan to help address retirement, college planning and tax optimization needs. They are offered a dedicated financial Advisor and a customized portfolio of individual securities and exchange-traded funds designed to meet their financial goals.

Clients who invest at least \$1 million fall under the EAG's Private Client tier, which is designed for high-net worth investors who want a robust financial plan along with personalized service and portfolio management. Private Clients have access to personal financial Advisors and certified financial planners, private banking services, legacy and estate planning specialists, and family-tiered billing with reduced fees for assets over a certain level. Private Client portfolios offer a blend of individual securities and bonds, as well as ETFs.

Private Clients who have been with EAG for at least six months and who have at least \$5 million invested with EAG are eligible to participate in our Private Equity Offering. The Private Equity Offering is made through an arrangement with Institutional Capital Network ("iCapital"). Private Clients who invest in this program have the opportunity to invest in an access fund sponsored by iCapital, which in turn invests in one or more underlying private equity funds.

## ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

### IN HOUSE PORTFOLIO MANAGEMENT

EAG does not utilize outside portfolio managers for Advisory Services except as noted below. All Personal Strategy accounts are managed by EAG's in-house professionals.

EAG's Personal Strategy Investment Committee acts as the Portfolio Manager Team for this wrap fee program.

Note that certain portfolio decisions for both Managed Accounts and Personal Strategy+ involve investing in or recommending an investment in securities issued by pooled investment vehicles, e.g., mutual funds, ETFs and private funds. Investment management decisions for such pooled investment vehicles are made by outside portfolio managers.

### EMPOWER PERSONAL STRATEGY INVESTMENT COMMITTEE

Our Empower Personal Strategy Investment Committee is dedicated to constructing and maintaining strategic investment portfolios. This includes security selection, portfolio monitoring, and trade oversight. The Committee combines expertise and decades of experience to build a wide range of portfolios designed to help Clients meet their financial goals.



**Craig Birk** CFP® Chief Investment Officer

As CIO for Empower Personal Wealth, Craig leads the Empower Personal Strategy Investment Committee, focused on translating improvements in technology into better financial lives. Previously, Craig was CIO of Personal Capital.



**Lacey Cobb** CFA, CFP® Director of Advice Solutions

Lacey is Director of Advice Solutions. She has over a decade of investment industry experience including advice solutions at Personal Capital and trading at Polaris Greystone. Lacey focuses on personalized strategy selection and contributes to security selection and client education.



**Kyle Ryan**  
CFP® EVP of Advisory Services

Kyle is responsible for Empower Personal Wealth's Advisory Services. He was named to the 2014 InvestmentNews 40 under 40 list for his contributions to the financial advisory industry. He joined Personal Capital in 2010.



**Brendan Erne**  
CFA, CSRIC Director of Portfolio Management

Brendan leads our research and trading team with a focus on portfolio construction and socially responsible investing. Prior to joining EAG, he was the director of portfolio management at Personal Capital for over 11 years.



**Jonathan Kreider**  
CFA, Senior Vice President and Head of Empower Investments

Jonathan leads Empower's proprietary funds business and is responsible for fund development and management, investment sales and service, and the investment research functions. He has been the Head of Empower Investments since January 2020; prior to that, he was the VP of Investment Products from August 2016.



**Tina Wilson**  
CFA, Senior Vice President and Chief Product Officer

Tina is the Chief Product Officer, responsible for the strategy, ideation, and design of retirement and personal wealth products and solutions. She is President of Empower Advisory Group, which is responsible for Empower's advice and managed accounts solutions. Prior to joining Empower, she served as Head of Product & Investment Solutions Innovation for MassMutual's Workplace organization.



## ADVISORY BUSINESS

EAG offers its Clients an array of investment strategies (“Personal Strategy” or “Personal Strategies”). A Client’s assets are managed within a given Personal Strategy based upon the Client’s overall investment objectives and suitability parameters.

A Personal Strategy is a comprehensive investment portfolio. It is focused on achieving the Client’s financial goals and is designed to grow with the Client over time. Portfolios in a Personal Strategy can be customized for a Client’s needs or wants; however, EAG maintains ultimate investment discretion. Clients should be aware that to the extent a personalized trading restriction limits full strategy implementation it may impact their account performance relative to other non-restricted peers in the same strategy. Personal Strategy asset allocations go beyond basic stock and bond portfolios. The Personal Strategies invest globally, primarily utilizing individual equities and ETFs. EAG’s unique Smart Index Weighting approach adds further diversification and potential return by providing exposure to all areas of the U.S. stock market while avoiding being overweight to high-risk segments.

EAG believes that asset allocation is an important investment decision. The goal-based nature of a Personal Strategy means the Client’s asset allocation is continuously linked to their evolving situation, thereby maximizing the likelihood of long-term success.

Target allocations for Personal Strategy+ accounts will be built in an attempt to align with the fundamental asset allocation of the Client’s Personal Strategy. In alignment with this general approach to investing, preference will generally go to selecting low-cost passive index funds over actively managed mutual funds for otherwise similar plan options. Funds are selected within the context of their overall fit in the portfolio allocation and how well they represent a particular asset class that the Personal Strategy is aiming to replicate. The investment selection process involves a cost/benefit analysis that takes into consideration cost, diversification benefits, risk, return, our preference for unaffiliated products, and plan constraints. There will be allocation and performance differences between a Client’s Personal Strategy+ employer-sponsored retirement account(s) and the Client’s Core Personal Strategy account(s).

EAG’s Managed Account client trades are batched throughout the day to leverage operational and market efficiencies. Client-directed transactions and liquidations may not be executed on a same-day basis.

Portfolio transaction requests, including liquidations, can be monitored via the Dashboard, or via the custodian’s website; however, neither site is real-time with respect to liquidations and transactions.

EAG trades Managed Accounts exclusively with Pershing and this creates a conflict of interest because of the operational support services Pershing provides to EAG. In recognition of this conflict, we have implemented a periodic analysis to evaluate execution quality and a cross-functional Best Execution Committee which oversees the review process.

EAG communicates Personal Strategy+ trade orders through a third-party (“Third-Party Service Provider”). The Third-Party Service Provider communicates orders to the financial institution where a Client’s Personal Strategy+ account is held, and the financial institution is responsible for executing the trades. Personal Strategy+ trade orders will not be executed on the day they are communicated by EAG and may be delayed due to circumstances outside of our control. Generally, the Third-Party Service Provider will communicate trades to the financial institution within 36 hours, but some orders may take longer for multi-part trades. Once an order has been successfully communicated, execution of the trade typically takes one business day, but will depend on the financial institution.

If a Client elects to invest in our Private Equity offering, the Client will invest in an access fund sponsored by iCapital, which will in turn invest in one or more underlying private equity funds. Supplemental information on this program is provided to qualified Private Clients upon request.

EAG seeks to effect orders correctly, promptly, and in the best interests of our Clients. In the event an error occurs in the handling of any Client transaction, due to our actions, or inaction, we will offer to correct the error upon discovery (within the confines of the account requirements and restrictions) and without disadvantaging the Client. Compensation or consideration for the error loss may be paid to Clients through the offer of fee waivers or fee credits for management Services in lieu of cash or securities. Negative investment performance returns resulting from the implementation of an investment strategy is not considered a trade error for purposes of our policy.

## PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT

EAG does not charge fees calculated based on a share of capital gains or capital appreciation of the assets or any portion of the assets of a Client (performance-based fees). Client fees are based solely upon AUM. EAG does not engage in side-by-side management. Side by side management is the management of performance-based fee accounts alongside flat or other non-variable fee accounts.

Clients considering an investment in the iCapital Private Equity Offering should be aware that, although EAG does not charge performance fees, iCapital's underlying fund managers do.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

EAG's investment analysis emphasizes asset allocation research and portfolio diversification techniques over individual security analysis.

EAG's methods and techniques include:

- **Sampling and screening** relevant baskets of securities, or indices, in order to select the desired security attributes.
- **Correlation analysis** – evaluating the historical relationship of two securities or market segments movement in relation to each other.
- **Fundamental analysis** – evaluating securities based upon historical and projected financial performance.

Within US equities, EAG employs an approach termed Smart Weighting™. The starting universe is generally all US stocks traded on an exchange with a market capitalization over \$250 million and sufficient liquidity. The objective of the approach is to maintain relatively even weighting in company size, style and economic sector. Securities are selected largely to complete this factor exposure in conjunction with other existing holdings. In other asset classes we employ a mix of low-cost ETFs in an attempt to generate an efficient exposure to the asset class. The most important areas for consideration in ETF selection are underlying exposure, liquidity, and cost.

All investments involve risk. EAG does not guarantee the results of the advice given. Significant losses can occur by investing in any security, or by following any strategy, including those recommended or applied by EAG.

## SOCIALLY RESPONSIBLE INVESTING ("SRI")

In addition to the Core Personal Strategy offerings, EAG offers investment portfolios with a socially responsible lens. EAG defines "Socially Responsible Investing" as the application of value-based investment filters coupled with the integration of ESG factors. EAG partners with Sustainalytics, a provider of ESG and Corporate Governance research, for ESG scoring data. "ESG" stands for Environmental, Social, and Governance, which represent three categories of corporate risks and opportunities.

Building Socially Responsible portfolios begins with the same underlying methodology and investment philosophies as the Core Personal Strategies, but for the U.S. equity component of the portfolio the investment team considers Sustainalytics' ESG rating before adding each individual security. Sustainalytics provides an ESG Rating for each individual equity security that evaluates Environmental, Social, and Governance factors that it deems financially material.

Sustainalytics evaluates 20 "material ESG issues" ("MEI's) across all sub-industries and assesses each MEI for how material it is to each sub-industry and subsequent company. If an ESG issue is considered material at the sub-industry level but is not relevant for the specific company, it can be removed from that company's rating. Due to limited scoring data, in the SRI accounts small-cap stocks are represented by a mix of non-ESG ETFs, and foreign equities use a set of diversified ESG-optimized ETFs on the foreign developed and emerging market sectors. SRI accounts also hold non-ESG ETFs in international small-cap equities due to a lack of desirable investment options.

Performance of EAG's Core Managed Accounts will differ from the performance of SRI accounts due to differences in holdings and investments.

## VOTING CLIENT SECURITIES

EAG uses a third-party proxy voting service to help fulfill our voting obligations in voting proxy ballots for our Clients. Votes are cast through the Broadridge ProxyEdge® platform, which provides access to proxy voting recommendations as well as historical voting information. Services provided to us through ProxyEdge® include reporting, auditing, and record keeping.

With the assistance of Broadridge, Glass Lewis & Co. ("Glass Lewis") provides EAG recommendations based on Glass Lewis' own internal guidelines, research, and analysis. Votes are generally cast consistent with Glass Lewis guidelines and recommendations; however, EAG will vote otherwise, or abstain, if it is deemed in the best interest of its Clients to do so. EAG votes proxies for SRI accounts in the same manner as the Core Personal Strategy portfolios, which use the Glass Lewis standard policy. This policy does not take an activist or ESG-specific approach.

Clients are permitted to vote their own proxies by "opting out" of proxy voting services during the account opening process, or at any time, by submitting a request in writing to EAG. If a client chooses to "opt out," they do so on an "all or none" basis and agree to respond to their own proxies independently of EAG. Additionally, to the extent a Client holds a foreign direct security that is not a Personal Strategy position, Glass Lewis is unable to vote proxy ballots for those client-mandated holdings. EAG does not vote proxies for holdings in Personal Strategy+ advised accounts.

EAG maintains relevant and appropriate proxy records. A Client may obtain a complete copy of the Policies & Procedures related to proxy voting by requesting this information in writing to their Advisor. The Client may also request in writing from their Advisor information concerning the manner in which proxy votes have been cast on behalf of the Client during the prior annual period. Such information is provided in writing as soon as practicable.

## ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

Client information is shared with the Portfolio Managers.

For Clients who elect to participate in our Personal Strategy+ offering, EAG's Portfolio Management staff will have access to employer-sponsored retirement account information, including personally identifying information and financial information ("Personal Information"), as well as general information about a Client's retirement plan, such as the investment options, plan management fees and other data ("Plan Data").

## ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

We do not restrict a Client's ability to contact or consult with the Portfolio Managers, subject to the Portfolio Managers' availability.

## ITEM 9 ADDITIONAL INFORMATION, OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

On August 18, 2020, Empower Holdings, LLC acquired Empower Personal Wealth, LLC (f.k.a. Personal Capital Corporation), including its wholly owned subsidiary Personal Capital Advisors, making them both part of the Empower family of companies and wholly owned subsidiaries of Empower Annuity Insurance Company of America ("EAICA"). On April 3, 2023, Personal Capital Advisors Corporation, LLC merged with EAG, a wholly owned subsidiary of EAICA. Due to the ownership and organizational structure, EAG has other financial industry affiliations with related entities described below.

EAG may provide services to, receive services from, or direct or receive business to or from other members of the Empower organization. In some instances, EAG has arrangements that are material to its advisory business with related entities outlined below. Licensed representatives of EAG and other EAG's advisory staff are employed by Empower Retirement, LLC and are Empower Associates. EAG is not a registered broker-dealer, however, there are a very limited number of licensed representatives that are also supervised by an affiliated broker/dealer, Empower Financial Services, Inc. ("EFSI").

### **RECORDKEEPING AND ADMINISTRATIVE SERVICES COMPANY**

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

### **BROKER-DEALER**

Empower Financial Services, Inc. ("EFSI"), an affiliate of EAG, is a registered limited broker-dealer and wholly owned subsidiary of EAICA. EFSI may provide wholesaling, direct sales, or enrollment and/or communication services to retirement plans and their participants. Specifically, EFSI may act as an endorser of EAG's investment advisory services for qualified or eligible plan participants.

**INSURANCE COMPANIES** Empower Annuity Insurance Company of America ("EAICA") is an insurance company domiciled in the State of Colorado. EAG is a wholly owned subsidiary of EAICA. EAICA, pursuant to various agreements, may provide investment products, recordkeeping, and other administrative services through its affiliates.

**TRUST COMPANY** Empower Trust Company, LLC ("ETC") is a trust company and affiliate of EAG. ETC is a wholly owned subsidiary of EAICA. ETC is chartered under the laws of the State of Colorado.

Empower Life & Annuity Insurance Company of New York ("ELAINY") is an insurance company domiciled in the State of New York. EAG is an affiliate of ELAINY through common ownership. ELAINY, pursuant to various agreements, may provide investment products and administrative services through its affiliate, Empower, to retirement plans for which affiliated investment advisers may also provide services.

### **INVESTMENT COMPANY**

Empower Funds, Inc. ("EFI" or "Empower Funds") is an investment company registered under the Investment Company Act of 1940 and affiliated with EAG. Empower Capital Management, LLC is the investment adviser to EFI, as discussed below.

Empower Annuity Insurance Company (EAIC) is an insurance company domiciled in the State of Connecticut. EAG is an affiliate of EAIC through common ownership where EAICA is the sole owner of both EAG and EAIC. EAIC, pursuant to various agreements, may provide investment products and administrative services individually and through its affiliate, Empower, to retirement plans for which EAG may also provide its services.

**INVESTMENT ADVISERS** Empower Capital Management, LLC ("ECM"), an affiliate of EAG, is an investment adviser for Empower Funds and is registered under the Investment Advisers Act of 1940. It is a wholly owned subsidiary of EAICA.

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

Irish Life Investment Management, Limited ("ILIM") is a Dublin, Ireland based SEC registered investment adviser. ILIM is part of the Great-West Lifeco, Inc. ("GWL") group of companies; GWL has operations in Canada, the United States, Europe, and Asia through ownership of companies including EAICA and PIM. EAICA is an indirect wholly owned subsidiary of GWL, which controls ILIM. ILIM manages the index series of Empower Funds.

**CASH PRODUCT** Personal Capital Services Corporation ("PCSC") offers a high yield sweep account program marketed as Empower Personal Cash in conjunction with UMB Bank, N.A., member FDIC ("UMB") and participating program banks. PCSC markets Empower Personal Cash to users of the Dashboard, Clients of EAG, Empower clients, and the general public. Funds deposited in a participant's Empower Personal Cash account at UMB are swept to a network of participating program banks. Program banks pay interest on deposits in the Empower Personal Cash program. PCSC receives a fee from each program bank in connection with the program that is based on the aggregate daily closing balance of deposits held in program accounts by such program bank. Empower Personal Cash is offered at no cost to participants. PCSC is a wholly owned subsidiary of Empower Personal Wealth, LLC. Clients of EAG are not required to participate in the Empower Personal Cash program and EAG advisory employees do not receive additional compensation for advisory Client participation in the Empower Personal Cash program.

#### **INVESTMENT LINES OF CREDIT/LOAN ADVANCES**

EAG will make introductions for investment lines of credit or loan advances in certain situations. Both are offered by Pershing/Bank of New York who serves as our custodian and broker-dealer but is otherwise an unaffiliated financial institution. These offerings are opened only at the Client's sole discretion and EAG does not receive payment or remuneration for making these introductions or in the event that any credit or loan advance is made.

**BRANDING** The affiliated companies of EAG, Empower Personal Wealth, LLC, ECM, EFSI, EAICA, EAIC, ELAINY, Empower Funds, Empower Holdings, LLC, Empower Retirement, LLC, and ETC operate under the multiple brands of Empower and Empower Institutional depending upon the products, services and retirement markets involved. These brands do not materially affect the internal structure of EAG or EAG's corporate ownership.

**CONFLICTS OF INTEREST** EAG has authorized EFSI, an affiliate broker/dealer of EAG, and its licensed agents and registered representatives who are Empower employees (collectively referred to as "Agents") to refer prospective clients to EAG. In this arrangement, in addition to their salary, such Agents may earn bonus compensation based upon successful referrals or endorsements. Other Agents and EAG representatives will also be indirectly compensated through bonus compensation, in addition to their salary, in the event that a referred prospect becomes a new Client of EAG's Services. Compensation paid to Agents or EAG representatives does not increase the fees paid by the Client. EAG also has conflicts of interest to the extent that it makes investment recommendations to Clients or suggests use of affiliated financial products or services which will pay additional compensation to its affiliates.

**OTHER BUSINESS ACTIVITY** Certain senior managers and officers of EAG may also serve as executive officers of EAG's parent company EAICA, and other affiliates of EAG.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

EAG has adopted a Code of Ethics (the “Code”) designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940. The Code establishes rules of conduct for all employees of EAG and is designed to educate all employees regarding EAG’s ethical standards and prohibition of fraudulent, deceptive, or manipulative conduct.

The Code is based upon the principle that EAG and our employees have a fiduciary duty to our Clients. Advisory employees are required to conduct their affairs, including their personal securities transactions, in compliance with the Code and to avoid serving their own personal interests by taking inappropriate advantage of their position of trust and responsibility.

Our Code includes prohibitions against the use of material non- public information (“MNPI”). Employees are prohibited from trading for themselves or others while in possession of MNPI as well as communicating MNPI to anyone else. The Code also covers protecting the confidentiality of Client information.

With certain limitations, the Code also covers restrictions on personal securities transactions of EAG’s employees. Officers or employees of EAG are permitted to invest in the same securities that are purchased on behalf of Clients for their personal investment considerations. EAG also reserves the right to disapprove any proposed transaction that has the appearance of improper conduct. EAG does not foresee a conflict of interest due to the liquidity and depth of the markets in which these securities trade. Clients should be aware that this potential conflict of interest exists.

The full text of EAG’ Code of Ethics policy is available upon request.

## **REVIEW OF ACCOUNTS**

EAG utilizes portfolio management software in concert with the Client’s Advisor to monitor and manage Clients’ accounts on a continual basis. Exception reporting is monitored by a Portfolio Manager. Deviations from an account’s determined asset allocation parameters and the addition or removal of a specific security from the designated model portfolio may trigger periodic rebalancing.

For Clients who enroll in our Personal Strategy+ program, our Portfolio Management Team monitors underlying investment allocations using the Third-Party Service Provider’s application, which identifies when a Client’s account is out of alignment with their Personal Strategy+ allocation. The Portfolio Management Team will also periodically revisit the Client’s allocation relative to underlying investment lineup changes and make changes as necessary.

EAG provides Clients online access to their financial information through the Dashboard. In addition, EAG provides a detailed monthly report to each Client. Clients also continue to receive account statements and confirmations from the designated Broker (Pershing) or Personal Strategy+ plan administrator (if applicable). Clients are urged to periodically compare statements prepared by EAG and their Broker (Pershing) or Personal Strategy+ plan administrator (if applicable) with specific emphasis on activity, holdings, and valuations.



## CLIENT REFERRALS AND OTHER COMPENSATION

**PROMOTIONS:** EAG has periodic promotions offering various items, such as technology products, fee waivers on management fees, or reduced management fees. Client referrals, or other referral arrangements as outlined below, may, from time to time, be combined with promotional offers. Any combination of referral benefits and promotional items will not result in a Client paying a higher advisory fee. EAG will disclose the terms of promotional offers to Clients at the time of the offers.

**CLIENT REFERRALS:** From time to time, EAG offers free Advisory Services for a certain period for existing Clients who refer new Clients to EAG. When the referred Client signs up and begins trading, both the existing Client and referred Client receive fee-waived Advisory Services for the same period of time. From time to time, Personal Capital

Advisors may also offer other incentives for client referrals. EAG will disclose the details of those incentives to existing and referred Clients at the time of the offer. Prospective clients that are referred by existing Clients should be aware that the referring Client will receive an economic benefit for making the referral. The free Advisory Services awarded, or any other incentive provided by EAG do not increase the fees or costs for the referring or referred Client.

**REFERRALS BY AFFILIATES:** EAG has an Endorsement Agreement in place with EFSI, an affiliated broker-dealer, whereby EFSI or EFSI registered representatives will refer certain high-net worth clients to EAG. EFSI or EFSI registered representatives may receive direct or indirect compensation for these referrals. Any affiliated referral compensation arrangement will not increase costs for Clients.

**THIRD-PARTY CLIENT INTRODUCTIONS:** EAG also has referral arrangements with unaffiliated third parties for client referrals. These third parties introduce prospective clients to EAG and will receive compensation in the form of cash payments for these introductions. These third parties are eligible for compensation even if the referred prospect does not become a Client. Such compensation will be paid pursuant to a written agreement. These referral arrangements will not result in increased fees or costs for Clients.

**AFFILIATE MARKETING PROGRAM:** Empower Personal Wealth, LLC offers an Affiliate Marketing Program ("AMP") to web-based authors and participates in co-registration agreements, where the participants ("affiliate" or "affiliates") are compensated for each person who uses the affiliates' webpages to register with the Dashboard and link at least \$100,000 in new investable assets to the Dashboard. These affiliates are eligible for compensation even if the referred person does not become a Client. Affiliates will financially benefit from referring users to EAG or affiliates. This creates a conflict of interest and incentivizes affiliates to present content favorable to EAG or affiliates of EAG because of the compensation structure of the AMP. No additional fees or costs are charged to persons who register with the Dashboard and become a Client as a result of the AMP.

**OTHER REFERRAL ARRANGEMENTS:** Empower Personal Wealth, LLC enters into referral agreements with third parties who refer prospective clients to the Dashboard ("Referrer" or Referrers") under which Referrers receive compensation for each individual who acknowledges that they have at least \$100,000 in investable assets. Individuals referred by Referrers to the Dashboard and subsequently become Clients do not pay any increased fees to EAG as a result of the referral arrangement.

**TESTIMONIALS AND ENDORSEMENTS:** EAG enters into agreements with Clients and non-Client Third Parties ("Promoters") to provide testimonials or endorsements of our advisory services. Any advertisement that displays a testimonial or endorsement provided by a Promoter will disclose clearly and prominently whether the Promoter i) is a Client of EAG; ii) is paid or unpaid; and iii) creates any other material conflict of interest. If the Promoter is paid, EAG confirms that the Promoter is not disqualified under Federal Securities Laws and discloses the compensation range.

Individuals who become Clients as a result of our various referral programs acknowledge in our client agreement that they have reviewed, read, and understood our disclosures and Part 2A of EAG's Form ADV.

**FINANCIAL INFORMATION**

EAG is required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to Clients.

EAG is not subject to any financial commitment that impairs its ability to meet contractual and fiduciary commitments to its Clients.

This communication and all data are for informational purposes only and do not constitute a recommendation to buy or sell securities. You should not rely on this information as the primary basis of your investment, financial, or tax planning decisions. You should consult your legal or tax professional regarding your specific situation. Third-party data is obtained from sources believed to be reliable. However, EAG cannot guarantee that data's currency, accuracy, timeliness, completeness or fitness for any particular purpose. Certain sections of this commentary may contain forward-looking statements that are based on our reasonable expectations, estimates, projections and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Past performance is not a guarantee of future return, nor is it necessarily indicative of future performance. Keep in mind investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.