

The Forge Companies - Annual Disclosure Notices

This Annual Disclosure ("Disclosure") is made by Forge Consulting, LLC, ("Forge"), a New York limited liability company, Advocacy Wealth Management ("AWM"), a Delaware limited liability company, Advocacy Trust, LLC ("AT"), a Tennessee limited liability company, and Forge Capital, LLC ("Forge Capital"), a Delaware limited liability company.

I. The Forge Companies:

- a. **AWM:** A registered investment advisor that provides financial planning, asset allocation and investment advice, tax planning, and investment management. Its website is here: www.advocacywealth.com.
- b. **Forge:** A national insurance agency that provides settlement planning services, and offers annuities, and other life insurance products. Its website is here: www.forgeconsulting.com.
- c. **AT:** A Tennessee-chartered trust company that provides trust, custodial, and fiduciary services and is a Tennessee-chartered trust company, with reciprocal fiduciary powers in 43 states and the District of Columbia. Its website is here: www.advocacytrust.com.
- d. **ARGI Trust, a Division of Advocacy Trust LLC:** Is a division of AT that is focused on serving ARGI Financial Group LLC's ("ARGI") clients.
- e. **Forge Capital:** A support services company that provides a broad range of services to attorneys and their firms, including fee deferrals, property and casualty insurance, cash management solutions, payroll and back-office support, and business management services. Its website is here: <https://www.forgeforbusiness.com/>.
- f. **Forge Capital Services, LLC:** Is a subsidiary of Forge Capital doing business as Abacus Advisors that provides bookkeeping, payroll, back-office, and human resources support services to companies around the country. Its website is here: <https://www.abacusadv.com/>.
- g. **The Watkins Agency:** Is a subsidiary for Forge Capital that provides property and casualty insurance services.
- h. **Full Circle Coverage:** Is a subsidiary for Forge Capital that provides property and casualty insurance services. <https://www.fullcirclecoverage.com/>

When performing planning services for a client, The Forge Companies will often work in conjunction with one another. Together, The Forge Companies ensure that its clients have access to a full range of planning, investments, life insurance products (including annuities), and trust and fiduciary services.

II. Definitions:

- a. **Fiduciary:** A fiduciary is a person or organization that owes to another the duties of good faith and trust. The highest legal duty of one party to another, and it also involves being bound ethically to act in the other party's best interest.
- b. **Fiduciary Standard of Care:** The fiduciary standard of care requires that a financial adviser act solely in the client's best interest when offering personalized financial advice. The preceding sentence was written by the U.S. Department of Labor which oversees ERISA, the law that governs pensions and IRAs.

III. The Fiduciary Standard:

The Forge Companies view the Fiduciary Standard of Care to mean:

- a. When The Forge Companies recommend that clients do something involving their money, it believes that action to be in their best interest;
- b. The Forge Companies cannot, under any circumstances, put its own interests before that of its client; and
- c. Not only do The Forge Companies act in a client's best interest before its own, but also any recommended action made by professionals at The Forge Companies is the same action the professionals at The Forge Companies would take with their own money given similar goals and circumstances.

IV. A Client's Best Interest:

The Forge Companies represent to clients that it will always act in a client's best interest. Furthermore, The Forge Companies pledge to comply with the best interest standard under ERISA, as well as with the Internal Revenue Code, and

the securities laws of the United States when providing investment advice to clients. Advice in the client's best interest means advice that, at the time of recommendation, reflects the care, skill, prudence, and diligence under the circumstances, then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances, and needs of the client, without regard to the financial or other interests of an adviser, The Forge Companies, or other parties.

V. **Confidentiality:**

The Forge Companies will keep the client's personal identifiable information strictly confidential. If a client's personal identifiable information is requested by a third party, such as the client's other advisors or attorneys, The Forge Companies will provide notice of such disclosure request to the Client and seek permission from the client before making such disclosure. Provided, however, The Forge Companies may be required by legal or regulatory authorities to disclose confidential information without the client's permission.

VI. **Conflict of Interest:**

Forge owns 100% of AWM, Forge Capital, and 78% of the common shares of Advocacy, Inc., a holding company which owns 100% of AT. Forge gains financial benefit when a client chooses to work with AWM through distributions of profits earned by AWM to its parent company Forge. Forge may benefit when a client chooses to work with AT through future dividends paid to Forge by AT through its holding company Advocacy, Inc. AWM may gain financial benefit when a client chooses to work with AT, because a client may direct AWM to serve as the investment manager on the trust account or AT may delegate to AWM the responsibility to serve as investment manager to manage the assets held in a trust, custodial, or fiduciary account for a fee. Forge also derives financial benefit whenever clients utilize the services of Forge Capital or Forge Capital Services, LLC since it directly owns 100% of those companies.

VII. **Directed & Delegated Trust Accounts:** AT serves as trustee of both delegated and directed trusts. Whenever serving as trustee of a delegated trust, AT has authority for asset management including trade and investment decisions. However, with a directed trust, the client or grantor (or a third-party investment advisor selected by the client or grantor) retains investment authority for all trade and investment decisions. Furthermore, with a directed trust, the client or grantor (or a third-party investment advisor selected by the client or grantor) may retain other powers and authorities over the assets held in the trust account (such as when a distribution is to be made), while AT maintains custody of the assets and the responsibility for processing transactions related to the assets.

VIII. **Fees:**

The Forge Companies fees include:

- a. **AWM:** AWM charges its clients a fee based on the assets under its management. In addition, AWM generally passes through transaction costs incurred when a trade happens in a client account, as well as certain other fees depending on the assets held in the client's account. A detailed schedule of fees and standard charges passed through to a client as a result of investment management is available on AWM's website: www.advocacywealth.com/FeeSchedules and are attached to the client's Investment Management Agreement signed when engaging AWM.
- b. **Forge:** Forge is paid a commission on the insurance products it sells and, if it generates a high enough volume of business, it may receive an incentive cash override and incentive business trips. These incentives are paid by either the insurance company that issues the policy to clients or by the insurance marketing organization ("IMO") that aids Forge in processing its insurance business. Forge's IMO is Advisors Excel.
- c. **AT:** AT charges clients a fee based on assets under its administration and passes through other expenses incurred as allowed by the individual trust agreement, such as fees for tax preparation, legal expenses, and other unique charges related to the administration of the trust, custodial, or fiduciary account. Assets under administration include anything held in a client's trust, custodial, or fiduciary account, but does not include annuities sold by any of The Forge Companies. The same fee structure is applicable to ARG1 Trust, a division of Advocacy Trust LLC. ARG1 and AT share fees generated from trust services provided to ARG1 clients in accordance with the agreement the two entities entered into on January 1, 2021.
- d. **Forge Capital and Forge Capital Services:** The compensation received by Forge Capital and Forge Capital Services varies depending on the product or service being provided. More information about any of the fees charged by Forge Capital or its subsidiaries will be provided upon request.

AWM and AT disclose their fees to a client when the client decides to work with them, and as part of the client's written agreement with AT or AWM. Investment management and trust administration fees for AWM and AT, respectively, are deducted from the client's account monthly and charged in arrears. Trade expenses and permitted pass through charges are deducted at the time of the transaction.

Upon request, Forge, AT, Forge Capital, and AWM will disclose the commission or fee on any specific product to the client. Forge can be contacted at 678-317-4283; AT at 855-879-3436; AWM at 678-203-0306; and Forge Capital at 866-683-6743.

- IX. **Real Estate Related Fees:** Trusts that include real estate (such as residential, commercial, and agricultural property), will require different management and additional fees from traditional investments due to their unique nature. Third parties may be used for certain real estate services, such as insurance, appraisals or inspections, third-party management, or the sale of property. Fees from outside professionals will be charged as an expense to the trust. In addition, AT charges an annual property administration fee.
- X. **Tax Preparation Services:** AT, with the support of third-parties, prepares trust tax returns for certain accounts (including Form 1041, Form 1120, Form 990, Form 5227, etc.). AT does **NOT** prepare personal income tax returns; rather it prepares the tax reporting (Grantor Tax Letters, IRS Forms K-1 (1065), 5498, and 1099) necessary for its clients to properly file their own individual income tax returns. An annual tax preparation fee is charged to all accounts for this service.
- XI. **Termination:** In addition to the normal fees, a distribution fee may be charged at AT's discretion when an account is closed, transferred, or terminated, to recover costs associated with the length of an account's existence, asset and securities re-registration, or other incidental expenses.
- XII. **Custody of Assets:** AT and AWM custody assets through their preferred sub-custodians, who may change from time to time at the discretion of AT or AWM (e.g., FIS/Reliance Trust Company for AT and Fidelity for AWM). Holding assets in custody at other custodians may result in additional fees.
- XIII. **Valuation Approach of SPIAs:**

Beginning March 31, 2020, AT will value Single Premium Immediate Annuities ("SPIA") held within trusts based upon the following approach:

- a. SPIAs will be initially valued at the value of the total guaranteed annuity distributions expected to be received by a trust over the course of the SPIA contract ("Original SPIA Contract Amount").
 - b. When a SPIA payment is received by a trust, this payment will be accounted for by reducing a corresponding number of shares from the value of the SPIA, which will be reflected under the sundry/miscellaneous asset classification on the customer statement. For example, if a trust account receives a \$1,000 annuity distribution during a month, the overall cash value of the trust account will be increased by the \$1,000 payment, while the value of the SPIA will be reduced by 1,000 shares.
- XIV. **FDIC Insured Money Market Account:**
- a. As a service to our customers (excluding North Carolina sitused trust accounts), AT may invest available cash awaiting investment or distribution held in certain trust accounts in FDIC insured money market bank accounts. These accounts are selected by AT. In exchange for providing master account services to the depository institution for balances held in FDIC insured money market bank accounts, AT may receive an interest concession from the depository institution. More information about this interest concession is available upon request.
 - b. Account owners can contact their administrator, trust officer, or refer to their account statement to determine the specific manner, and in the case of bank deposits, the specific banks in which cash balances are invested. In determining the maximum FDIC insurance available for bank deposits, balances held on a client's behalf under this arrangement may be aggregated with other deposit accounts (if any) in which the client holds in the same ownership capacity in the bank or banks in which a client's cash balances with Advocacy are deposited. Therefore, a client should consider such limitations on FDIC insurance in determining the amount of available cash to be deposited in such banks as any amount in excess of the limitations may not have the benefit of full FDIC insurance coverage in the event such bank becomes insolvent or it encounters other financial difficulty. Account owners or their investment advisors who have authority to trade on the account are permitted to direct investment balances in their accounts into other short-term investments.
 - c. For North Carolina trust accounts, AT may invest available cash awaiting investment or distribution held in certain trust accounts in a non-FDIC insured money market mutual fund available for sweep.

XV. **AWM and Liquid Strategies:**

Under the revenue share agreement between AWM and Liquid Strategies ("LS") originally entered into in 2017, and subsequently modified by mutual agreement, as long as AWM allocates at least \$150 million of its clients' assets to be managed by Liquid Strategies LLC ("LS") under its LS Theta Income Strategy or the newer ETF overlay shares, AWM thereby will be entitled to receive a portion of certain fees earned by LS not related to the funds that AWM allocates to the specific investment.

XVI. **Employee Compensation:**

Employees of The Forge Companies are compensated in four ways:

- a. Guaranteed payments to the two senior partners of FORGE and salaries to everyone else;
- b. A bonus based on an individual's contribution to the organization as a whole;
- c. A bonus based on the profitability of the collective organization as a whole; and
- d. A deferred compensation plan for certain employees.

The Forge Companies structures its compensation to remove sensitivity to how much revenue one product produces over another. As a result, no employee of The Forge Companies ever receives a commission for the sale of any specific products; rather, all income from the sale of products is paid directly to The Forge Companies. This compensation model reinforces The Forge Companies' emphasis on planning and service over sales. Those two elements encourage The Forge Companies' employees to focus on what is in a client's best interest.

XVII. Legal and Tax Disclosure:

The Forge Companies are not authorized to provide clients with legal or tax advice. Should a client choose to implement the recommendations contained in any financial plan prepared by The Forge Companies, we strongly recommend that the client work closely with the client's attorney, accountant, insurance agent, and other financial advisors. If a client does not have a lawyer, and one is necessary, The Forge Companies will recommend attorneys that the client can engage independently. Conflicts of interest, if any, that might exist between the attorney and The Forge Companies will be disclosed.

XVIII. Other Disclosures:

- a. AWM discusses conflicts of interest, compensation, and fees charged in greater detail in the Form ADV Disclosure Brochure that is filed with Securities and Exchange Commission at the end of March, annually. AWM will provide a client with an up-to-date copy of the ADV Disclosure Brochure upon request or it may be reviewed online at:

https://adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=442440

AWM asks that a client read the disclosure form carefully and then ask AWM any questions or state any concerns they may have. AWM, however, draws specific attention to the following Items in the Brochure:

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| Item 4 – | Advisory Business |
| Item 5 – | Fees and Compensation |
| Item 12 – | Brokerage Practices |
| Item 14 – | Client Referrals and Other Compensation |

XIX. Acknowledgement:

- a. The Forge Companies will act in client's best interest and will disclose all material conflicts of interest, compensation, fees, and expenses charged or passed through to a client.