

Item 1 - Cover Page

Advanced Advisor Group, LLC
440 Emerson Street, N., Suite 4
Cambridge, MN 55008
763/689-9023
www.advancedadvisor.net

February 20, 2017

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

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

Additional information about AAG may be available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure dated February 20, 2017 is an update to a previous version and is composed according to the SEC’s requirements and rules. This section of the brochure will report a summary of any material changes made to the brochure relative to its previous version.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary, at any time, without charge.

Currently, our Brochure may be requested by contacting Kent Schutte, Chief Compliance Officer at 763-689-9023 or Kents@tsainvest.com. Our Brochure is also available on our web site www.advancedadvisor.net, also free of charge.

Additional information about AAG is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with AAG who are registered, or are required to be registered, as investment adviser representatives of AAG.

Item 3 -Table of Contents

Item 1 – Cover Page..... i

Item 2 – Material Changes ii

Item 3 -Table of Contents..... iii

Item 4 – Advisory Business 1

Item 5 – Fees and Compensation 1

Item 6 – Performance-Based Fees and Side-By-Side Management..... 3

Item 7 – Types of Clients 3

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss 3

Item 9 – Disciplinary Information 4

Item 10 – Other Financial Industry Activities and Affiliations 4

Item 11 – Code of Ethics..... 5

Item 12 – Brokerage Practices 7

Item 13 – Review of Accounts 7

Item 14 – Client Referrals and Other Compensation 8

Item 15 – Custody 8

Item 16 – Investment Discretion 9

Item 17 – Voting Client Securities 9

Item 18 – Financial Information..... 10

Item 19 – Requirements for State-Registered Advisers..... 10

Brochure Supplement(s)

Item 4 – Advisory Business

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

AAG offers investment advisory services for a fee based on the value of client assets under management. The firm furnishes investment advice through consultations. AAG may provide advice on matters not specifically involving securities transactions.

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

AAG manages \$6,574,122 on a discretionary basis and \$0 on a non-discretionary basis. This calculation is as of February 14, 2017.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by AAG is established in a client's written agreement with the firm. AAG generally collects fees on a quarterly basis. Clients are billed in advance each calendar quarter for the following quarter. Clients authorize AAG to directly debit fees from client accounts. Fees may be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of minimum contributions and withdrawals).

Accounts initiated or terminated during a calendar quarter are settled on a pro rata basis. Upon termination of any account, any prepaid, unearned fees are refunded via physical check or electronic funds transfer, and any earned, unpaid fees are due and payable. Fees are not negotiable and are assessed based on a percentage of the dollar amount of assets under management.

Standard Fee Schedule

	<u>Quarterly Fee</u>	<u>Annual Fee</u>
\$0.00 - \$210,000	.26%	1.04%
\$210,001 - \$500,000	.24%	0.96%
\$500,001 - \$1,000,000	.22%	0.88%
\$1,000,001 and Higher	.20%	0.80%
*Fixed Income and Cash Management Only	.15%	0.60%

AAG fees cover AAG's advisory services only. Clients should expect to pay additional certain charges imposed by custodians, brokers, third party portfolio managers and other third parties including management fees charged by fund and Exchange Traded Fund managers, fees charged by custodians to hold securities for safekeeping, deferred sales charges (charges incurred by a some mutual funds at the time the client sells the shares), odd-lot differentials (charges incurred on securities orders in quantities other than some multiple of 100 shares), transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded fund internal management fees are disclosed in each fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to AAG fees, and AAG shall not receive any portion of these commissions, fees, and costs, except in its capacity as Broker/Dealer discussed below.

AAG's president and investment adviser representatives also sell securities and insurance products for sales commissions through AAG's affiliated Broker/Dealer, Advanced Advisor Group, LLC (hereafter referred to as "AAGBD"). As an Investment Adviser, AAG is paid on a fee basis for investment advice. If that advice is implemented through AAG's affiliated Broker/Dealer, AAGBD, then AAGBD and its representatives receive brokerage commissions for each securities transaction. Advisory fees are not reduced to offset commissions or markups. This is a conflict of interest discussed further below in Item 10.

This practice presents a potential conflict of interest in that a representative could, while acting as an agent for AAGBD, recommend investment products based on compensation received rather than client needs, a practice known as "self-dealing". This potential conflict is disclosed to clients in the Financial Planning Disclosure Statement which accompanies the Investment Advisory Agreement. To address this conflict, AAG forbids self-dealing in

its written investment advisory manual and requires representatives to certify that they have reviewed and understand the contents of the manual.

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

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

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

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

Item 7 – Types of Clients

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

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

The Advisory Committee analyzes data for investment choices. The Advisory Committee conducts a quarterly fund performance evaluation. These evaluations are used to determine a fund's inclusion in AAG's model portfolio holdings based upon:

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

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

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

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AAG or the integrity of AAG management. AAG has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

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

AAG recommends securities and insurance products and services to its clients. AAG selects its custodians, Fidelity and TD Ameritrade, to execute these trades on behalf of its advisory clients. Some of AAG’s principals and employees are dually-registered as investment advisory representatives for AAG and as Broker/Dealer representatives for AAGBD. These dually-registered representatives would receive commissions on the securities

transactions executed at AAGBD and on insurance transactions. The commissions they receive are separate from and in addition to the advisory fees AAG receives from its clients.

This practice constitutes a conflict of interest for AAG and its representatives. An incentive exists for AAG to use its own affiliated Broker/Dealer, AAGBD, to execute trades to collect additional revenues from those trades. An incentive also exists for dually-registered representatives to recommend use of AAGBD to earn commissions on transactions. Additionally, an incentive exists for dually-registered representatives, in the course of conducting Broker/Dealer business to recommend products that generate higher commissions, whether or not those products are in the client's best interests.

To mitigate the effects of these conflicts of interest, all securities trades made in advisory accounts on behalf of the clients are routed to the Broker/Dealer associated with the custodians; any commissions or revenues generated by these trades are not directed back to AAGBD or its representatives. Additionally, many of the mutual funds held in client advisory accounts do not charge an up-front transaction fee. Finally, periodic training of dually-registered representatives on the demands of the fiduciary standard of care are conducted in addition to annual account reviews to verify that high-commission products are not placed into accounts opened under the Broker/Dealer on behalf of advisory clients. This is to verify that investment advisory representatives are selecting products aligned with the client's best interests rather than generating higher commissions.

Item 11 - Code of Ethics

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

AAG anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which AAG has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which AAG, its affiliates and/or clients, directly or indirectly, have a position of interest. AAG employees and persons associated with AAG are required to follow AAG

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

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with AAG obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. AAG will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

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

It is AAG's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. AAG will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 - Brokerage Practices

AAG does not receive soft dollar benefits.

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

Although AAG has the ability to select the Broker/Dealer used, AAG does not receive product, service, compensation or research from the chosen Broker/Dealer. Additionally, AAG investment adviser representatives, in their capacity as agents for AAGBD, do not receive product, service, compensation or research from the chosen Broker/Dealer. AAG suggests investment adviser representatives based on the skill, reputation, dependability and compatibility with the client. However, clients are free to select any investment adviser representative they wish.

AAG has two types of clients – fee paying and commission paying. The manner in which a client pays depends upon the capacity in which AAG is working with them. If AAG is working with a client on a Registered Investment Adviser basis, the client is charged a fee; if on a Broker/Dealer basis, the client is charged a commission. The capacity in which AAG is employed and how it is paid is clearly and repeatedly disclosed to the client upon initial account opening, also discussed in Item 10.

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

Item 13 - Review of Accounts

The Chief Compliance Officer or assigned person and an Investment Advisor Representative conduct periodic reviews of advisory business. A review of funds held within model portfolios and client accounts is conducted via an Advisory Committee meeting that occurs every quarter described in Item 8. Each account is reviewed individually on at least an annual basis. Review of individual accounts and the funds held is

to verify suitability and accuracy according to the firm's management discipline standards, also referenced in Item 8.

Item 14 – Client Referrals and Other Compensation

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

AAG does not pay third parties for referrals, nor do third parties pay AAG for referrals. AAG is provided space to promote its products and services in the periodicals published by various affinity groups whose members are clients or prospective clients. No consideration is remitted to an affinity group in exchange for this advertising space. However, this arrangement constitutes a conflict of interest in that AAG could use this advertising space to steer clients or prospective clients toward commission-based products sold through AAGBD.

Under a contractual agreement with affinity group organizations approached by AAG, the firm provides financial planning and services. In return, the affinity group organization is compensated on a percent of assets under management basis through a revenue sharing program in accordance with a solicitor's agreement. The existence of this solicitor's agreement as well as the terms of this agreement is fully disclosed to clients at the time of account opening.

AAG is not paid by third parties for referrals.

Item 15 – Custody

AAG does not have custody of any assets under the SEC definition. However, the firm does have constructive custody under Minnesota Custody Rule 2876.4116 by virtue of its ability to deduct fees from client accounts. In compliance with the Minnesota Custody Rule, AAG:

- 1) Files notice with the state securities administrator via Form ADV that it has custody
- 2) Arranges for a qualified custodian to maintain client funds and securities in separate accounts for each client under that client's name
- 3) Upon account opening, discloses to the client in writing the qualified custodian's name, address, and manner in which funds and securities are maintained

- 4) Arranges for the qualified custodian to send monthly statements to each client
- 5) Allows clients to designate an independent representative to receive account statements on the client's behalf
- 6) Receives written authorization from the client, via the advisory agreement, to deduct fees from the account
- 7) Notifies the qualified custodian of the amount of fee to be deducted
- 8) Provides the client with a statement of the fee deducted and the basis for said deduction
- 9) Files notice with the state securities administrator via Form ADV that the above safeguards are being employed

Item 16 – Investment Discretion

The firm generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior approval from the client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by the firm.

Discretionary authority will only be authorized upon full disclosure to the client. During initial account opening, the client agrees to grant discretionary authority via language in the investment advisory agreement upon execution of said agreement. This agreement also imposes limitations on the firm's discretionary authority. All trades made on a discretionary basis must be consistent with the client's investment objectives.

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

Item 17 – Voting Client Securities

The firm will not vote, nor advise clients how to vote, proxies for securities held in client accounts; the client retains the authority and responsibility for the voting of these proxies. Also, AAG cannot give any advice or take any action with respect to the voting of these proxies. The client and AAG agree by contract not to direct or instruct one another how to vote in a proxy solicitation.

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

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Also, AAG cannot give any advice or take any action with respect to the voting of these proxies.

Item 18 – Financial Information

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

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

AAG is not a sole proprietorship, but an LLC.

Item 19 – Requirements for State-Registered Advisers

The principal executive officers for AAG, LLC are:

Kent Schutte, President, CEO and CCO, has been working with the education market providing information on Defined Benefit plans, 403(b), 457 and Social Security benefits since 1989. Mr. Schutte has earned multiple designations which expands his knowledge. Mr. Schutte earned the Certified Financial Planner in 1996, Chartered Financial Consultant in 1992, and Certified Life Underwriter in 1991. In August, 2010, Mr. Schutte earned the “Tax Exempt and Governmental Plan Consultant” designation which specifically relates to 403(b) and 457 regulations. Mr. Schutte holds his Series 6, 7, 24, 51, 63 and 65 registrations.

Dorothy Fuller, Chief Financial Officer, has worked in the financial industry since 1999. Along with her responsibilities for the financials of the firm, she is also involved with compliance activities and holds Series 6, 26, 27, 51 and 63 registrations.

Advanced Advisor Group, LLC

www.advancedadvisor.net

Matthew Rothchild, Compliance Officer, has worked in the financial services industry since 2005. He holds Series 7, 24, 53, and 66 registrations.