



19011063

|   |                 |
|---|-----------------|
| OMB APPROVAL  |                 |
| OMB Number:   | 3235-0123       |
| Expires:  | August 31, 2020 |
| Estimated average burden<br>hours per response..... | 12.00           |

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC  
Mail Processing  
Section

MAR 01 2019

Washington DC

|                 |
|-----------------|
| SEC FILE NUMBER |
| 8-31296         |

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2018 AND ENDING 12/31/2018  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Ameritas Investment Corp.**

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM I.D. NO.     |

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**5900 "O" Street**

(No. and Street)

**Lincoln**

**NE**

**68510-2234**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Gerald Q. Herbert 402-325-4018

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Deloitte & Touche LLP**

(Name - if individual, state last, first, middle name)

**1601 Dodge Street, Ste 3100 Omaha**

**NE**

**68102-9706**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

RMS

OATH OR AFFIRMATION

I, Gerald Q. Herbert, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Ameritas Investment Corp. of December 31, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Handwritten Signature]
Signature

VP, Chief Financial Officer - Subsidiaries
Title

[Handwritten Signature: Linda Baumert]
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

SEC  
Mail Processing  
Section  
MAR 07 2019  
Washington DC  
413

**AMERITAS INVESTMENT CORP.**

(SEC I.D. No. 8-31296)

Statement of Financial Condition as of December 31, 2018 and  
Report of Independent Registered Public Accounting Firm

Filed pursuant to Rule 17a-5(e)(3) under the  
Securities Exchange Act of 1934 as a  
**PUBLIC DOCUMENT**

RECEIVED  
MAR 07 2019 PM 5:20  
SEC / TM

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholder of  
Ameritas Investment Corp.  
Lincoln, Nebraska

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Ameritas Investment Corp. (the "Company") as of December 31, 2018, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

The financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit of the financial statement provides a reasonable basis for our opinion.

*Deloitte & Touche LLP*

February 27, 2019  
Omaha, Nebraska

We have served as the Company's auditor since 1984.

**AMERITAS INVESTMENT CORP.**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**ASSETS**

|  |                      |
|--|----------------------|
| Cash and cash equivalents                                | \$ 13,064,438        |
| Cash segregated under federal and other regulations      | 68,509               |
| Clearing account deposit with broker dealer              | 120,000              |
| Receivables:   |                      |
| Affiliates   | 74,386               |
| Commissions  | 4,219,627            |
| Securities sold  | 903,640              |
| Other  | 549,741              |
| Securities owned:  |                      |
| Marketable, at fair value                                | 23,482,546           |
| Municipal warrants, at fair value                        | 658,942              |
| Current income taxes                                     | 792,733              |
| Other assets   | 620,253              |
| Deferred income taxes                                    | 6,783,954            |
| Software, net of accumulated amortization of \$1,399,875 | 276,091              |
| Total Assets   | <u>\$ 51,614,860</u> |

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES:**

|  |                   |
|--|-------------------|
| Payables:                                  |                   |
| Affiliates                                 | \$ 1,145,636      |
| Commissions                                | 3,871,423         |
| Commission restitution (Note 8)            | 458,359           |
| Other                                      | 1,445,591         |
| Deferred commission revenue                | 78,694            |
| Accrued salary and salary related expenses | 1,896,398         |
| Other liabilities                          | 3,665             |
| Current income taxes                       | 332,146           |
| Deferred clearing firm credit              | 2,808,000         |
| Deferred compensation liabilities          | 23,730,966        |
| Total Liabilities                          | <u>35,770,878</u> |

**COMMITMENTS, GURANTEES AND CONTINGENCIES (Note 8 & 10)**

**STOCKHOLDER'S EQUITY:**

|   |                      |
|---|----------------------|
| Common stock, par value \$.10 per share; authorized 500,000 shares, issued and outstanding 300,007 shares | 30,001               |
| Additional paid-in capital  | 24,357,330           |
| Retained deficit  | (8,543,349)          |
| Total Stockholder's Equity  | <u>15,843,982</u>    |
| Total Liabilities and Stockholder's Equity  | <u>\$ 51,614,860</u> |

The accompanying notes are an integral part of this financial statement.

**AMERITAS INVESTMENT CORP.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**DESCRIPTION OF BUSINESS**

Ameritas Investment Corp. (the Company) is a broker dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is also registered as an investment advisor under the Investment Advisors Act of 1940.

The Company operates as a registered broker dealer on a fully-disclosed basis under agreement with National Financial Services LLC (NFS). The Company also provides investment advisory services to individuals and businesses. The Company may also act as a solicitor for other registered investment advisors who provide portfolio management services. The Company engages in underwriting municipal bonds and warrants and generates commission income and advisory income from distributing products for affiliates.

The Company is a wholly owned subsidiary of Ameritas Life Insurance Corp. (ALIC). ALIC is a wholly owned subsidiary of Ameritas Holding Company (AHC) which is a wholly owned subsidiary of Ameritas Mutual Holding Company (AMHC).

**USE OF ESTIMATES**

The preparation of this financial statement in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ from those estimates.

**CASH EQUIVALENTS**

The Company considers all highly liquid debt securities, including money market mutual funds, with a maturity of less than three months when purchased to be cash equivalents.

**RECEIVABLES**

All accounts receivable are deemed to be collectible therefore no allowance for uncollectible accounts is recognized.

**SECURITIES OWNED**

Marketable securities are recorded at fair value as determined using an independent pricing source and municipal warrants are recorded at fair value as estimated by management.

**SOFTWARE**

Software is carried at cost less accumulated amortization.

**SECURITIES TRANSACTIONS**

All transactions with and for customers are made on a fully-disclosed basis with a clearing broker dealer or registered investment company which carries the accounts of such customers. Purchases and sales of securities are recorded on a trade date basis.

**AMERITAS INVESTMENT CORP.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,**  
**(continued)**

**DEFERRED CLEARING FIRM CREDIT**

During 2013, the Company executed an Amended and Restated Fully Disclosed Clearing Agreement (Agreement) with NFS. In accordance with the terms of the Agreement, AIC received a \$4,000,000 Correspondent Business Development Credit (Credit) and a \$2,500,000 Termination Credit (Termination Credit).

The Credit was granted to offset expenses incurred by the Company in aligning itself to conduct its brokerage business on a fully disclosed basis with NFS by March 31, 2014. The Termination Credit was granted to offset termination fees incurred by the Company from the termination of its fully disclosed clearing agreement with another clearing firm. On March 28, 2014, the Agreement was amended to allow the Company to conduct a limited portion of its existing brokerage business on a fully disclosed basis with RBC.

At December 31, 2018, the Company had a Deferred Clearing Firm Credit of \$2,808,000. The credit is being recognized ratably over the 10-year and 5-month life of the Agreement.

**INCOME TAXES**

The Company's income tax allocation is based upon a written agreement which uses a modified separate return method. The modified separate return method adjusts the separate return method so that net operating losses (or other current or deferred tax attributes) are characterized as realized by the Company when those attributes are realized (or realizable) by the consolidated group.

**SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to December 31, 2018 through the date the financial statement was issued.

**ACCOUNTING PRONOUNCEMENTS**

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. The most significant change in the new standard requires the recognition of ROU assets and lease liabilities by lessees for leases classified as operating leases under current U.S. GAAP. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Firm will be required to recognize and measure leases existing at, or entered into after, the beginning of the earliest period presented, using the modified retrospective approach, with certain practical expedients available. The new lease standard will be effective for annual reporting periods and interim periods within those annual periods, beginning after December 15, 2018. AIC is a broker dealer registered with the Securities and Exchange Commission (SEC), as such the standard is effective beginning January 1, 2019.

The most significant impact will be the recognition of ROU assets and lease liabilities for operating leases.

The adoption of the standard will result in the recognition of additional ROU assets and lease liabilities for operating leases of approximately \$57,000 as of January 1, 2019, respectively.

**AMERITAS INVESTMENT CORP.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**2. CASH SEGREGATED UNDER FEDERAL AND OTHER REGULATIONS**

Cash has been segregated in a special reserve bank account for the benefit of customers under the exemptive provisions of Rule 15c3-3 of the SEC.

**3. SECURITIES OWNED**

Securities owned consist of the following:

|                               | <i>At fair value<br/>December 31,<br/>2018</i> |
|-------------------------------|--|
| Equity securities             | \$ 23,416,671                                  |
| Real estate investment trusts | 65,875   |
| Securities owned: Marketable  | 23,482,546                                     |
| Municipal warrants            | 658,942  |
| Total securities owned        | \$ 24,141,488                                  |

**4. RELATED PARTY TRANSACTIONS**

The Company acts as a distributor of variable life insurance and variable annuity policies for ALIC and Ameritas Life Insurance Corp. of New York (Ameritas-NY) which are affiliates. The Company is the underwriter for variable life insurance and variable annuity policies issued by ALIC and Ameritas-NY for which the Company collects a fee. The Company also receives investment advisory fees for portfolio monitoring and asset allocation services and distribution fees on funds managed by Ameritas Investment Partners, Inc. (AIP) which is an affiliate.

The Company and its affiliates provide various administrative services to each other through administrative service agreements. These services include, but are not limited to, payroll, product distribution, marketing, legal and accounting, customer servicing, transaction processing, and other administrative services. Receivables and payables related to these activities are reflected in the Statement of Financial Condition as Receivables: Affiliates and Payables: Affiliates.

The Company obtained a \$25 million revolving line of credit from AHC on May 4, 2016. There were no borrowings against the line at December 31, 2018. The initial term of the line of credit ended on September 1, 2018 and was renewed to September 1, 2019. Either party may cancel the agreement upon ninety days written notice to the other party for any reason.

**5. NET CAPITAL**

The Company, as a registered broker dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). In May 2017, the Company adopted the Alternative Standard method of calculating net capital which requires net capital to not be less than \$250,000 or two percent of aggregate debit items computed in accordance with the Formula for Determination of Reserve Requirements for Brokers and Dealers (Rule 15c3-3). At December 31, 2018, the Company had net capital of \$6,280,864 which was \$6,030,864 in excess of required capital of \$250,000.

**AMERITAS INVESTMENT CORP.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**6. BENEFIT PLANS**

The Company participates in a non-contributory defined benefit plan (the Plan or Pension Plan) sponsored by AHC. The assets and liabilities of this Plan are held by AHC. The Company's employees and agents also participate in a defined contribution plan that covers substantially all full-time employees and agents of AHC and its subsidiaries.

The Company's employees also participate in the post-retirement benefit plan (the Postretirement Plan) providing group medical coverage to retired employees of AHC and its subsidiaries. For employees eligible to retire on or before January 1, 2000, these benefits are a specified percentage of premium until age 65 and a flat dollar amount thereafter. For employees eligible for retirement after January 1, 2000, benefits will be provided up to the date when the employee becomes eligible for Medicare. Employees become eligible for these benefits upon the attainment of age 55, 15 years of service and participation in the plan for the immediately preceding 5 years. The assets and liabilities of this Plan are held by AHC.

The Company sponsors a non-contributory deferred compensation plan covering eligible employees. Benefits are based on the average of the participant's compensation over their career and are deferred until eligibility for disbursement is earned for length of service. The Company also sponsors a contributory unqualified deferred compensation plan covering eligible registered representatives. Participants in these plans direct the Company as to how to invest their deferred earnings. Based upon these instructions, deemed earnings or losses are credited to participants' plan balances. These plans are unfunded but the Company does maintain a portfolio of marketable securities whose performance is intended to correspond with the performance of the deferred compensation investments. The Company's liability under these plans is presented as Deferred compensation liabilities in the Statement of Financial Condition.

**7. INCOME TAXES**

The items that give rise to deferred tax assets and liabilities relate to the following:

|  | 2018         |
|--|--------------|
| Agents deferred compensation                       | \$ 4,983,503 |
| State income taxes                                 | 1,430,918    |
| Deferred clearing firm credit                      | 589,680      |
| Compensation related liabilities                   | 267,271      |
| State income tax net operating loss carryforward   | 155,516      |
| Other  | 246,432      |
| Gross deferred tax asset                           | 7,673,320    |
| Less valuation allowance                           | 776,534      |
| Total deferred tax asset after valuation allowance | 6,896,786    |
| Net unrealized gains                               | 16,271       |
| Other  | 96,561       |
| Gross deferred tax liabilities                     | 112,832      |
| Net deferred tax asset                             | \$ 6,783,954 |

Included in deferred tax assets are \$155,516 of tax effected state net operating loss carryforwards related to state returns filed on a separate return basis which will expire in various years ranging from tax years 2022 to 2043.

**AMERITAS INVESTMENT CORP.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**7. INCOME TAXES, (continued)**

A valuation allowance was established to reduce the deferred tax asset to the amount expected to be realized. The Company has provided a state valuation allowance in the amount of \$776,534 as of December 31, 2018. The valuation allowance is provided for state income taxes not expected to be realized.

The Company has no liability recorded for uncertainty in income taxes or for interest and penalties as of December 31, 2018. With few exceptions, the Company is no longer subject to federal and state income tax examinations by tax authorities for years before 2015.

**8. COMMITMENTS, GUARANTEES AND CONTINGENCIES**

In the normal course of business, the Company enters into underwriting commitments. Transactions relating to such underwriting commitments existing at December 31, 2018 were subsequently settled and had no material effect on the financial statement as of that date.

The Company is involved in various legal and regulatory matters from time to time. During 2018 AIC settled seven client claims for a total of \$591,061. At December 31, 2018, the Company had four client claims outstanding. The client claims maintain that the Company's registered representatives acted improperly with the claimants' investments. In aggregate, at December 31, 2018 the exposure to claims totals approximately \$656,275. Two of the claims were settled in January 2019 for \$16,800 of the possible \$130,000 gross claim amount. Another claim was settled in February 2019 for \$50,000 of the possible \$200,000 gross claim amount. Based upon the nature of the last customer claims and the advice of legal counsel, the Company cannot estimate the loss as mediation has not taken place. Any settlement will be covered by errors and omissions insurance (E&O) with the Company being responsible only for the deductible amount. E&O insurance is a professional liability insurance that protects the Company and registered representatives against claims made by clients for inadequate work negligent actions. E&O insurance often covers both court costs and any settlements up to the amount specified by the insurance contract. Subsequent to year end the Company was notified of a legal claim related to a registered representative acting improperly with the claimant's investments. The Company is currently evaluating this claim and at this time cannot reasonably estimate the probability of loss.

In 2018 the SEC did an industry wide review of mutual fund share class selection practices and the fees broker dealers received pursuant to Rule 12b-1 under the Investment Company Act of 1940. The initiative was named the "Share Class Selection Disclosure Initiative". Broker dealers were permitted to self-report to the SEC any discrepancies in the fee billing and provide restitution to the client. The Company made the decision to self-report and analyzed the share classes that 12b-1 fees were charged to determine if lower-cost share classes of the same funds were available for the period January 1, 2014 to April 30, 2018. The Company calculated the amount of restitution to be \$3,056,804 and interest of \$332,370 for a total of \$3,389,174. Of the amount, \$2,930,815 was paid back to the client during 2018 and the remaining balance of \$458,359 remains a liability on the Statement of Financial Condition.

Management is of the opinion that there are no other regulatory actions that would result in the possibility of a loss that is material to the financial position, results of operations, net cash flows or net capital of the Company.

The Company has provided guarantees to its clearing brokers. Under the agreements, the Company has agreed to indemnify the clearing brokers for customers introduced by the Company that are unable to satisfy the terms of their contracts. Management believes the potential for the Company to be required to make payments under these agreements is remote as the history of these items is less than 5% of the deposit

**AMERITAS INVESTMENT CORP.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**8. COMMITMENTS, GURANTEES AND CONTINGENCIES, (continued)**

with the clearing broker and the Company has never had to make an additional payment. Accordingly, no amounts are recorded on the Statement of Financial Condition for these contingent liabilities. However, the Company has deducted these amounts from its net capital in accordance with Rule 15c3-1.

**9. FAIR VALUE MEASUREMENTS**

Fair value measurement guidance requires that financial assets and liabilities carried at fair value in the financial statement be included in a fair value hierarchy for disclosure purposes. The guidance defines fair value as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date."

In determining fair value, the Company utilizes market data, cash flow, and other data as available. The degree of judgment used in measuring fair value of financial instruments generally correlates with the level of pricing observability. That is, financial instruments with quoted prices in active markets have more pricing observability and therefore less judgment is used in measuring fair value. Conversely, financial instruments traded in other than active markets or that do not have quoted prices have less observability and are measured at fair value using the valuation models or other pricing techniques that require more judgment.

The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable techniques.

Valuations are generally obtained from third party pricing services for identical or comparable assets or liabilities, or through the use of valuation methodologies using market inputs. Prices from pricing services are validated through comparison to internal pricing information and economic indicators as well as back testing to trade data or other data to confirm that the pricing service's significant inputs are observable.

Under certain conditions, the Company may conclude the prices received from independent third party pricing services or brokers are not reasonable or reflective of market activity. In those instances, the Company may choose to override the third party pricing information or quotes received and apply internally developed values to the related assets or liabilities.

In accordance with the guidance, the Company categorizes its financial instruments into a three level hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level disclosed is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. In summary, the hierarchy prioritizes inputs to valuation techniques into three levels:

- Level 1 - Quoted prices in active markets for identical assets/liabilities. The Company's Level 1 assets include: money market mutual funds and equity securities. Equity securities consist of common stocks, mutual funds and exchange traded funds.
- Level 2 – Includes prices based on other observable inputs, including quoted prices for similar assets/liabilities. The Company's Level 2 assets include: Municipal bonds and real estate investment trusts.
- Level 3 – Includes unobservable inputs and may include the entities own assumptions about market participant assumptions. The Company's Level 3 assets include municipal warrants.

**AMERITAS INVESTMENT CORP.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**9. FAIR VALUE MEASUREMENTS, (continued)**

The following table summarizes assets measured at fair value on a recurring basis by the hierarchy levels described above as follows:

|   | <i>December 31, 2018</i> |                  |                   |                      |
|---|--------------------------|------------------|-------------------|----------------------|
|   | <i>Level 1</i>           | <i>Level 2</i>   | <i>Level 3</i>    | <i>Total</i>         |
| <b>Assets</b>                                   |                          |                  |                   |                      |
| Cash equivalents                                | \$ 431,544               | \$ -             | \$ -              | \$ 431,544           |
| Securities owned: at fair value                 |                          |                  |                   |                      |
| Equity securities                               | 23,416,671               | -                | -                 | 23,416,671           |
| Real estate investment trusts                   | -                        | 65,875           | -                 | 65,875               |
| Municipal warrants, at fair value               | -                        | -                | 658,942           | 658,942              |
| <b>Total assets accounted for at fair value</b> | <b>\$23,848,215</b>      | <b>\$ 65,875</b> | <b>\$ 658,942</b> | <b>\$ 24,573,032</b> |

Transfers – During 2018, there were no transfers between levels.

The valuation techniques used to measure the fair values by type of investment in the above tables follow:

1. Cash equivalents – Money market mutual funds are classified as Level 1 as the fair values are based on quoted prices in active markets for identical securities.
2. Securities owned: Equities – Classified as Level 1 as the fair values are based on quoted prices in active markets for identical securities.
3. Securities owned: Real estate investment trusts – Classified as Level 2 as the fair values are based on quoted market prices for similar assets.
4. Securities owned: Municipal warrants – Categorized as Level 3 as internal valuations are used to value the Company's municipal warrants investments and significant inputs are unobservable.

Municipal warrants (warrants) held by the Company are fixed maturity debt instruments issued by municipalities in the state of Nebraska. Warrants are not traded via exchanges. Transactions in warrants historically take place at cost and regular bids from other broker dealers are not available. Warrant new issue market rates and the financial condition of the issuing municipality are the primary inputs used in arriving at the fair value measurements of warrants. If in the judgment of the Company an issuing municipality's financial condition presents indicators of financial stress, the Company performs a discounted cash flow adjustment to the cost basis of any of the municipality's warrants that it owns. The discount rate used by the Company utilizes the observable corporate bond market to quantify credit risk, adjusts that spread to a tax-exempt credit spread, and applies the adjusted credit spread to the warrant new issue market rate. The following table presents quantitative information about significant unobservable inputs used by the Company to determine the fair value of warrants.

| Year | Fair Value | Valuation Technique  | Unobservable Input | Low   | High  |
|------|------------|----------------------|--------------------|-------|-------|
| 2018 | \$658,942  | Discounted cash flow | Discount rate      | 10.6% | 11.6% |

**AMERITAS INVESTMENT CORP.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK**

As a broker dealer, the Company is engaged in various trading and brokerage activities serving a diverse group of corporate, institutional and individual investors. A significant portion of the Company's transactions are on a principal basis, which are subject to the risk of counterparty nonperformance. The Company's exposure to credit risk associated with the contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the counterparties' ability to satisfy their obligations to the Company. The Company's liability under these arrangements is not quantifiable. However, the potential for the Company to be required to make payments under these arrangements is remote. Accordingly, the Company has not recorded a guarantee in the Statement of Financial Condition for these transactions.

The Company believes it has effective procedures for evaluating and limiting the credit and market risks to which it is subject.