

**Item 1: Cover Page**



**AEPG Wealth Strategies**  
**Investment Management Brochure**  
**February 5, 2014**

American Economic Planning Group, Inc.  
25 Independence Blvd. Suite 102  
Warren, New Jersey 07059  
908-757-5600  
[www.aepg.com](http://www.aepg.com)

This brochure provides information about the qualifications and business practices of American Economic Planning Group, Inc. (the "AEPG"). If you have any questions about the contents of this brochure, please contact Christopher J. Schiffer at (908) 757-5600 or [cschiffer@aepg.com](mailto:cschiffer@aepg.com). 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.

Additional information about American Economic Planning Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to American Economic Planning Group, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2: Material Changes

This Item 2 only discusses material changes made to American Economic Planning Group, Inc.'s advisory business since its last annual update dated February 28, 2013.

No material changes since our last filing.

## Item 3: Table of Contents

Item 1	Cover Page .....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents .....	2
Item 4	Advisory Business.....	3
Item 5	Fees and Compensation .....	5
Item 6	Performance-Based Fees and Side-by-Side Management .....	7
Item 7	Types of Clients.....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9	Disciplinary Information.....	9
Item 10	Other Financial Industry Activities and Affiliations .....	9
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	9
Item 12	Brokerage Practices .....	10
Item 13	Review of Accounts .....	13
Item 14	Client Referrals and Other Compensation .....	13
Item 15	Custody .....	14
Item 16	Investment Discretion.....	14
Item 17	Voting Client Securities.....	14
Item 18	Financial Information .....	15



## Item 4: Advisory Business

AEPG Wealth Strategies, American Economic Planning Group, Inc. (the “AEPG”) is a corporation formed on March 21, 1983 in the state of New Jersey. AEPG became registered as an Investment Adviser Firm in May 1998. AEPG is owned by Steven W. Kaye. Mr. Kaye is AEPG’s Principal.

As discussed below, AEPG offers to individuals, families and associated privately owned businesses, business entities and qualified retirement plans investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

### **Investment Advisory Services**

The client can determine to engage AEPG to provide discretionary and/or non- discretionary investment advisory services on a *fee-only* basis.

### **Financial Planning and Consulting Services**

To the extent requested by a client, AEPG *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$5,000 to \$10,000 on a fixed fee basis, and from \$200 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging AEPG to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including AEPG’s affiliated licensed insurance agency. (*See* disclosure at Item 10). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from AEPG. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify AEPG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

## Miscellaneous

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, AEPG *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither AEPG, nor any of its representatives, serves as an attorney or accountant, and no portion of AEPG’s services should be construed as same. To the extent requested by a client, AEPG may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including Registrant’s affiliated insurance agency. The client is under no obligation to engage the services of



any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from AEPG. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify AEPG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Please Note: Inverse/Enhanced Market Strategies.** AEPG may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct AEPG, in writing, not to employ any or all such strategies for his/her/their/its accounts.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage AEPG on a non-discretionary investment advisory basis **must be willing to accept** that AEPG cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, AEPG will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), AEPG may maintain cash positions for defensive purposes. All cash positions (money markets, etc) shall be included as part of assets under management for purposes of calculating AEPG's advisory fee.

**Unified Managed Account.** In conjunction with AEPG's investment management services, AEPG and its clients separately engage the services of Adhesion Wealth Advisor Solutions, a Unified Managed Account (a professionally managed private investment account that is rebalanced regularly and can encompass every investment vehicle [e.g. mutual funds, stocks, bonds and exchange traded funds] in a client's portfolio, all in a single account) Sponsor/Overlay Manager and SEC adviser, to provide portfolio trading, re-balancing, reporting and other administrative services.

**Private Investment Funds.** Although AEPG does not generally recommend that its clients invest in private investment funds, AEPG may provide investment advice regarding private investment funds, including limited partnerships, hedge fund investments and real estate and oil and gas partnerships.

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the



various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that AEPG references private investment funds owned by the client on any supplemental account reports prepared by AEPG, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

**Trade Error Policy.** Registrant shall reimburse accounts for losses resulting from AEPG's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within AEPG's custodian firm account and Registrant pays for losses greater than \$100. Gains are retained by custodian.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify AEPG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of AEPG's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*.

- A. AEPG shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, AEPG shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on AEPG's services.
- B. AEPG does not participate in a wrap fee program.
- C. As of January 1, 2014, AEPG had \$540,101,933 in assets under management on a discretionary basis and \$239,103,626 in assets under management on a non-discretionary basis.

## **Item 5: Fees and Compensation**

The client can determine to engage AEPG to provide discretionary and/or non- discretionary investment advisory services on a *fee-only* basis.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage AEPG to provide discretionary and/or non- discretionary investment advisory services on a *fee-only* basis, AEPG's annual investment advisory fee shall be



based upon a percentage (%) of the market value and type of assets placed under AEPG's management between 0.50% and 1.50%

AEPG generally requires a minimum quarterly fee of \$1,250. AEPG, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter.

The *Investment Advisory Agreement* between AEPG and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, AEPG shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

Neither AEPG, nor its representatives accept compensation from the sale of securities or other investment products.

## FINANCIAL PLANNING AND CONSULTING SERVICES

To the extent specifically requested by a client, AEPG may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$5,000 to \$10,000 on a fixed fee basis, and from \$200 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Clients may elect to have AEPG's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of AEPG's investment advisory fee and to directly remit that management fee to AEPG in compliance with regulatory procedures. In the limited event that AEPG bills the client directly, payment is due upon receipt of AEPG's invoice. AEPG shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

## GENERAL INFORMATION ON FEES AND SERVICES

AEPG's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties, such as fees charged by investment managers, UMA managers, custodial fees, wire transfer and electronic fund fees and other fees and taxes on brokerage and securities transactions.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, AEPG shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") or Fidelity



Institutional Wealth Services (“*Fidelity*”) serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant’s investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Tradeaway and Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “tradeaway” and/or prime broker fee charged by the account custodian *Schwab or Fidelity*.

#### **Item 6: Performance-Based Fees and Side-by-Side Management**

Neither AEPP nor any supervised person of AEPP accepts performance-based fees.

#### **Item 7: Types of Clients**

AEPP’s clients shall generally include individuals, families and associated privately owned businesses, business entities and qualified retirement plans. While there is generally no minimum account size, AEPP may impose a minimum quarterly fee of \$1,250. Fees are discussed further in Item 5 above.

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

AEPP may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

AEPP may utilize the following investment strategies when implementing investment advice given to clients:



- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by AEPG) will be profitable or equal any specific performance level(s).

AEPG's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis AEPG must have access to current/new market information. AEPG has no control over the dissemination rate of market information; therefore, unbeknownst to AEPG, certain analyses may be compiled with outdated market information, severely limiting the value of AEPG's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

AEPG's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Currently, AEPG primarily allocates client investment assets among various fixed income securities, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

As disclosed above, AEPG may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct AEPG, in writing, not to employ any or all such strategies for his/her/their/its accounts. (*See* Item 4).



## Item 9: Disciplinary Information

AEPG has not been the subject of any disciplinary actions.

## Item 10: Other Financial Industry Activities and Affiliations

Neither AEPG, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither AEPG, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

**Trust Company.** AEPG's Principal, Steven W. Kaye, has less than one percent (1.00%) ownership interest in a savings and loan company, National Advisors Holdings, Inc. ("NAH"), which has formed a federally chartered trust company, National Advisors Trust Company ("NATC"). NAH and NATC are regulated by the Office of Thrift Supervision. NATC provides a low-cost alternative to traditional trust service providers, and Registrant intends to refer clients to NATC for trust services. The recommendation by Registrant that a client use the services of NATC presents a *conflict of interest*, as a result of the above ownership interest. No client of Registrant is required to use the services of NATC.

**Licensed Insurance Agency.** Registrant's affiliate, American Benefits Planning Group ("ABPG") is a licensed insurance agency, and in such capacity may offer for sale, insurance-related products on a commission basis, including the sale of such products to investment advisory clients of AEPG. ABPG's insurance-related activities are currently limited to individual and group life and health insurance sales on a commission basis.

**Conflict of Interest:** The recommendation by Registrant that a client purchase an insurance commission product from ABPG presents a *conflict of interest*, as the receipt of commissions by ABPG may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from ABPG. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents.

AEPPG does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

AEPPG maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business



conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, AEPG also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by AEPG or any person associated with AEPG.

Neither AEPG nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which AEPG or any related person of Registrant has a material financial interest.

AEPG and/or representatives of AEPG *may* buy or sell securities that are also recommended to clients. This practice may create a situation where AEPG and/or representatives of AEPG are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if AEPG did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of AEPG's clients) and other potentially abusive practices.

AEPG has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of AEPG's "Access Persons". AEPG's securities transaction policy requires that an Access Person of AEPG must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date AEPG selects; provided, however that at any time that AEPG has only one Access Person, he or she shall not be required to submit any securities report described above.

AEPG and/or representatives of AEPG *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where AEPG and/or representatives of AEPG are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11, AEPG has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12: Brokerage Practices**

In the event that the client requests that AEPG recommend a broker- dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct AEPG to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab or Fidelity*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker- dealer/custodian.



Factors that AEPG considers in recommending *Schwab* or *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with AEPG, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with AEPG's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where AEPG determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. AEPG's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab* or *Fidelity* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist AEPG to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by AEPG may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist AEPG in managing and administering client accounts. Others do not directly provide such assistance, but rather assist AEPG to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by AEPG to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

2. Schwab Advisor Network™

Registrant receives client referrals *Schwab* through Registrant's participation in Schwab Advisor Network™ ("the Service"), designed to help investors find an independent investment advisor. *Schwab* is a broker-dealer independent of and unaffiliated with Registrant. *Schwab* does not supervise Registrant and has no responsibility for Registrant's management of clients' portfolios or Registrant's other advice or services. Registrant pays *Schwab* fees to receive client referrals through the Service. Registrant's participation in the Service may raise potential conflicts of interest described below.



Registrant pays *Schwab* a Participation Fee on all referred clients' accounts that are maintained in custody at *Schwab* and a Non-*Schwab* Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Registrant is a percentage of the fees owed by the client to Registrant or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Registrant pays *Schwab* the Participation Fee for so long as the referred client's account remains in custody at *Schwab*. The Participation Fee is billed to Registrant quarterly and may be increased, decreased or waived by *Schwab* from time to time. The Participation Fee is paid by Registrant and not by the client. Registrant has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Registrant charges clients with similar portfolios (pursuant to Registrant's standard fee schedule as in effect from time to time) who were not referred through the Service.

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

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

For accounts of Registrant's clients maintained in custody at *Schwab*, *Schwab* will not charge the client separately for custody but will receive compensation from Registrant's clients in the form of commissions or other transaction-related compensation on securities trades executed through *Schwab*. *Schwab* also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades to be executed through *Schwab* rather than another broker-dealer. Registrant nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at *Schwab* may be executed through a different broker-dealer than trades for Registrant's other clients. Thus, trades for accounts custodied at *Schwab* may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

3. AEPG does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that



such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

To the extent that AEPG provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless AEPG decides to purchase or sell the same securities for several clients at approximately the same time. AEPG may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among AEPG’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. AEPG shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13: Review of Accounts**

For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by AEPG’s Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise AEPG of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with AEPG on an annual basis.

AEPG *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. AEPG may also provide a written periodic report summarizing account activity and performance.

### **Item 14: Client Referrals and Other Compensation**

As referenced in Item 12 above, AEPG may receive an indirect economic benefit from *Schwab*. AEPG, without cost (and/or at a discount), may receive support services and/or products from *Schwab*. Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by AEPG to *Schwab* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.



If a client is introduced to AEPG by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from AEPG's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to AEPG by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of AEPG's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between AEPG and the solicitor, including the compensation to be received by the solicitor from AEPG.

### **Item 15: Custody**

AEPG shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. AEPG may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that AEPG provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by AEPG with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of AEPG's advisory fee calculation.

### **Item 16: Investment Discretion**

The client can determine to engage AEPG to provide investment advisory services on a discretionary basis. Prior to AEPG assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming AEPG as the client's attorney and agent in fact, granting AEPG full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage AEPG on a discretionary basis may, at anytime, impose restrictions, **in writing**, on AEPG's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe AEPG's use of margin, etc.).

### **Item 17: Voting Client Securities**

Except for a limited number of legacy clients, AEPG does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.



Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact AEPG to discuss any questions they may have with a particular solicitation.

**Item 18: Financial Information**

AEPG does not solicit fees of more than \$1,200, per client, six months or more in advance.

AEPG is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

AEPG has not been the subject of a bankruptcy petition.

