



AMERICAN PORTFOLIOS ADVISORS, INC. (APA) REGISTERED INVESTMENT ADVISOR BROCHURE

September 16, 2015
12:21 PM

Mailing Address:
4250 Veterans Memorial Highway
Suite 420 E.
Holbrook, NY 11741

Tel: 631-439-4600

This brochure provides information about the qualifications and business practices of American Portfolios Advisors, Inc. ("APA"). If you have any questions about the contents of this brochure, please contact us at the telephone number or e-mail address listed above. 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 APA also is available on the SEC's Web site at www.adviserinfo.sec.gov.

If you have any questions, please contact advisory services at 631.870.8207, or via e-mail at advisoryria@americanportfolios.com.

Item 1: Table of Contents

Item 1: Table of Contents.....	2
Item 2: Material Changes.....	3
Item 3: Advisory Business.....	3
Item 4: Fees and Compensation.....	7
Item 5: Performance-Based Fees and Side-by-Side Management	9
Item 6: Types of Clients.....	9
Item 7: Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 8: Disciplinary Information.....	11
Item 9: Other Financial Industry Activities and Affiliations.....	11
Item 10: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 11: Brokerage Practices	13
Item 12: Review of Accounts.....	14
Item 13: Client Referrals and Other Compensation.....	15
Item 14: Custody	19
Item 15: The Use of Investment Discretion.....	19
Item 16: Voting Client Securities.....	19
Item 17: Financial Information.....	20

Item 2: Material Changes

There have been no material changes to APA's Form ADV since the last filing.

Registration as an investment advisor does not imply a certain level of skill or training.

Date of last annual update was March 28, 2013. A free copy of this document will be provided; request a copy by contacting American Portfolios Advisors, Inc. at 631.870.8207 or e-mail SVP of Advisory Services and APA Chief Compliance Officer Thomas LoManto at tlomanto@americanportfolios.com.

Item 3: Advisory Business

Description of Advisory Firm

American Portfolio Advisors, Inc. (hereinafter "APA" or the "Firm") is an investment advisor registered with the Securities and Exchange Commission (SEC). It was formed in 2001. The firm offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. APA offers these services to clients through investment advisory representatives ("Advisors"). Some Advisors may also be licensed as registered representatives of American Portfolios Financial Services, Inc. (APFS). APA and APFS are affiliated companies held by common ownership. Certain Advisors may also be employed as independent insurance brokers and sell fixed insurance products through their own agencies. The principal owner of APA and APFS is American Portfolios Holdings Inc. (APH), with Lon T. Dolber as principal and owner of APH.

Types of Advisory Services

1. **Advisor's Choice**—as of the date of this brochure, APA is managing between \$950,000 million and \$1 billion in the Advisor's Choice Programs. Approximately 70% of the assets are managed on a discretionary basis. APA offers three distinct fee programs in Advisor's Choice.

Householding of accounts: accounts with an aggregate value above \$250,000, each account in the household will be charged the administration fee associated with the total aggregated value, not on each account's value. Accounts (if not househanded) under the account minimum of \$25,000 will be charged the greater of 25 bps or \$40 per year if account value is less than the \$25,000 minimum account opening size. See Fee Table below for more detail of fees charged.

Billing cycle: The advisor needs to choose the billing cycle of either monthly or quarterly on the Initial Billing Form for Advisor's Choice accounts (0A1, 0BL) and all accounts held at TD Ameritrade, and Schwab Institutional.

- a. **Advisor's Choice One Fee**—One Fee is a comprehensive investment program in which the client pays an inclusive "wrap fee" to obtain brokerage, asset allocation analysis, as well as monitoring, portfolio supervision and consolidated reporting. The maximum fee charged to the client in this program is 3% of assets under management. From time to time there may be additional charges/fees assessed by the custodian that the client will pay for from the account. In this program, transaction charges are paid for by the IAR advisor. An administration fee paid by client (Pershing 0A1 office range). The administration fee is added to the Advisor Fee to calculate the total client fee. This administration fee may be higher or lower each billing cycle as it is based on the account's value each billing period. See Fee Table below for more detail of fees charged.

- b. **Advisor's Choice Plus**—Where deemed appropriate, suitable and based on the client's objectives, assets, risk tolerance and investment experience—as well as to obtain greater asset and style diversification—APA may recommend to clients participating in the Advisor's Choice and/or Manager's Choice programs that a portion of the client's portfolio be invested in one or more alternative investments. APA allows the use of alternative investment choices that are registered and specifically approved Non-Registered products. APA will permit Non-Registered Regulation D offerings in an advisory account if the product has been approved by its B/D affiliate American Portfolios Financial Services, Inc. These offerings can be held in the advisory account and be purchased from proceeds of the account; a commission can be paid the advisor; however the position cannot be billed an advisory fee. Advisor's Choice Plus clients are charged a fee for assets under management. The client also agrees to pay transaction charges and cost assessed by the custodian from the account. The maximum fee charged for this program is 3%. An administration fee paid by client (Pershing OBL office range). The administration fee is added to the Advisor Fee to calculate the total client fee. This administration fee may be higher or lower each billing cycle as it is based on the account's value each billing period. See Fee Table below for more detail of fees charged.
- c. **Advisor's Choice One Fee II**—One Fee II is a comprehensive investment program in which the client pays an inclusive "wrap fee" to obtain brokerage, asset allocation analysis, as well as monitoring, portfolio supervision and consolidated reporting. The maximum fee charged to the client in this program is 3% of assets under management. From time to time there may be additional charges/fees assessed by the custodian that the client will pay for from the account. In this program, transaction charges for the buys and sells of mutual funds, individual securities (equities and fixed income), certain options and UITs are included in the One Fee II pricing. An administration fee paid by client (Pershing JLP office range). The administration fee is added to the Advisor Fee to calculate the total client fee. This administration fee may be higher or lower each billing cycle as it is based on the account's value each billing period. See Fee Table below for more detail of fees charged.

In all Advisor's Choice programs, the Advisor may utilize discretion with client authorization, which will be limited to transactions involving mutual funds, stocks, bonds, ETF's, individual bonds and covered call options, and alternative investments that may or may not be registered. In order to grant this discretionary authority, clients must sign or initial their approval for discretion within the appropriate application or agreement. From time to time, when a new advisor transitions his or her existing book of business to APA from another RIA relationship, APA will allow the inclusion of registered and non-registered alternative investment products into an account(s), however they cannot be billed an advisory fee. If these products are not approved or valued offering liquidity, the position will be removed from the billing of the account or transferred to an APFS brokerage account.

Billing cycle: for all Advisors Choice programs the advisor needs to choose the billing cycle of either monthly or quarterly on the Initial Billing Form for any Advisor's Choice accounts held at Pershing, TD Ameritrade and Schwab Institutional as custodians.

- d. **Administration Fee** is assessed to clients with Advisor's Choice accounts. The client fee charged to Advisor's Choice accounts, except for JLP accounts, is a total of the Advisor Fee as outlined in the client agreement and the administration fee as outlined below. The total fee is based on each account's asset value as of the last business day of the prior quarterly or monthly period, per the billing cycle chosen by the IAR and agreed to by the client. This administration fee, therefore, may be higher or lower each billing cycle as it is based on the account's value each billing period. The administration fee schedule on an annual basis is as follows:

Account Value	Administration Fee
\$0 - \$25,000	25 bps
\$25,001 - \$100,000	20 bps
\$100,001 - \$500,000	12 bps
\$500,001 - \$1,000,000	10 bps
\$1,000,001 and above	5 bps

2. **Third-Party Asset Managers**—Under Third-Party Asset Managers program (TPAM), the Advisor helps clients complete the Portfolio Advisory Services Questionnaire, develop a basic plan to allocate their assets, and select one or more outside investment managers to manage designated assets. The terms of the client's relationship with the investment manager and Advisor(s) will vary depending on which investment manager's program is chosen. Investment programs under Third-Party Asset Managers include programs offered by third-party managers through agreements created by APA.

APA and third-party managers offer Employer/Employee Benefit Plan Advice and other similar programs. Advisors may also consult with employers concerning employee or executive compensation benefit plans, such as pension plans or deferred compensation programs. Such consultations will include advice on the relative advantages, disadvantages and feasibility of various funding vehicles such as variable insurance products, traditional insurance products, mutual fund products, ETF's, individual bonds and equities. After determining that a particular vehicle is suitable, Advisors may facilitate investment in such vehicle. Advisors may receive an advisory fee or fee for solicitation for such services as the manager will also receive a fee for management services provided. All fees are negotiable. For assets under management the Advisor will receive a fee based upon the amount invested in the account or receive a flat fee for consulting and or advice. Upon the purchase of a variable annuity contract or variable life insurance product, the IAR of American Portfolios Advisors, Inc. will receive compensation in accordance with an agreement with the client and the insurance company. APA does not permit any variable annuities or variable life products in its advisory accounts program where a commission has been paid within 36 months to the advisor of record. After the 36 month period has passed, APA will consider and, on an approval basis only, allow advisory fees to be charged to manage these products. The maximum fee allowed will be 3%; this includes internal M&E and Insurer internal fees charged by the Insurer, management fee of the mutual fund, and any rider fee and any other fee charged within the contract. The maximum fee charged to the client is a total fee that includes all fee components that are associated with the product and the IAR/APA management fee.

Clients in Third-Party Asset Management programs will grant certain outside investment managers authority to purchase and sell assets on their behalf as set forth in their account agreement with that investment manager. A description of the limitations on the authority of that advisor may be found in their Advisor Brochure (formally known as the ADV Part II) that is to be delivered to the client for that specific Third-Party Asset Manager; it can either be delivered through by APA's advisor or by the Third-Party Manager.

3. **Advisor's Solutions** - A program where APA utilizes an investment advisory chassis provided by a third-party vendor to offer discretionary investment advisory accounts to its IARs and clients. Currently there are two programs available for consideration.
 - a. **Strategist Portfolios Program**—this program utilizes the due diligence of a third-party provider to select managers that perform comprehensive asset allocation management. The IARs will help the client select managers and allocations based on the completion of a risk tolerance questionnaire. The managers in this program have fees ranging from 0 – 100 basis points, plus a consulting fee for which APA will be added to the managers fee.

- b. **APA Sponsored Strategist Portfolios Program**—In this program APA will select only a few money managers to perform asset allocation and management services for its clients utilizing in-house due diligence and account management systems. Accounts will be opened on Pershing's account systems and the money managers will use Pershing's Block Trading and Rebalancing Tool (BTR) to structure and trade these accounts. An example of this sponsored program is the APA-sponsored program, BNY Mellon Select. BNY supplies asset allocation mutual fund and ETF models for the APA advisor to present to clients. Client will choose an appropriate model with or without restrictions the client may apply. Pershing, LLC will custody these assets/accounts and provide to the client statements on a monthly or quarterly basis. Trading authority will be granted by the client to APA for discretionary trading. APA advisor will establish the account and BNY will update APA of model changes in the Portfolios. It is the responsibility of the advisor to monitor the model for continued suitability and performance. The fee assessed for the program includes custody, clearing and execution for trades in the account(s) and an additional add on fee for the APA advisor. Fees will range from 2% - 3% on an annual basis debited quarterly in advance. Value for billing will be determined by the account value on the last day of the preceding quarter. Please refer to MBSC ADV relating to the BNY Mellon Select details. Other Pershing Managed Programs are LIS – Lockwood Investment Strategies; LAAP – Lockwood Asset Allocation Program; and AFP – Advisor Flex Program. All program details can be found in the APA Wrap Fee Brochure and the Lockwood Brochure for each program.

Both programs include billing for all fees deducted from the client's account in advance either monthly or quarterly, portfolio modeling, rebalancing and performance monitoring. In these programs the fees will vary and the individual managers set the account minimums. As sponsors of the program, APA may share in the revenue generated by the management of these assets.

4. Financial Planning, Consultations and Advisory Seminars

- a. **Financial Planning**—APA offers financial planning services with the assistance of financial planning software. These financial plans may range from simple to complex depending upon the needs of the client. Fixed and/or hourly charges of \$90 to \$700 or a flat fee of \$300 to \$30,000 are charged for this service and are negotiable. These fees may be waived in full or in part.

Financial planning advice will typically involve providing a variety of services, principally advisory in nature, to individuals, businesses or families regarding the management of their financial resources based upon an analysis of their individual needs.

All financial plans ("plans"), unless indicated otherwise, are "one-time plans" and are not updated and/or reviewed on an ongoing basis unless an additional fee is paid to the Advisor by the client. The client's financial planning service will terminate with receipt of the plan. Any implementation that may occur as a result of the plan will be considered separate from the plan.

- b. **Consultations**—Advisors may contract with clients for advice on various topics, such as the Employer/Employee Benefit Advice Program. Advisors may also consult with employers concerning compensation programs. Such consultations will include advice on the relative advantages, disadvantages and feasibility of various funding vehicles such as variable insurance products, traditional insurance products and mutual fund products. Fees can range from \$90 to \$500 per hour depending upon the needs of the client and the complexity of the consultation, and are negotiable. Furthermore, fees may or may not be waived by APA. Written notice can be sent to APA to terminate services contracted for upon 30 days prior written notice. A Service Agreement will be executed by the client and Advisor of APA that will define the relationship. A flat fee from \$300 to \$30,000 can be charged for this service and are negotiable. These fees may be waived in full or in part at the discretion of APA. The client will be required

to pay a deposit on this contract before services are rendered. The amount of that deposit will be determined and paid by the client and the APA advisor at time of signing the agreement.

- c. **Advisory Seminars**—Through APA's Advisors, seminars can be conducted for various audiences. A fee for the seminar may or may not be charged. These seminars are generic in nature and can cover a number of topics, including, but not limited to:

1. Basics of Investing
2. Financial Planning Concepts
3. Asset Allocation
4. Estate Planning Concepts
5. Benefits Planning
6. Retirement Planning

d. **Loan Programs Offered to APA Clients Through Pershing (Custodian)**

1. **Fully Paid Securities Lending**—enables the client to lend their fully paid securities to Pershing in exchange for additional income. Pershing will use the securities to satisfy both internal and external borrowing needs. Clients receive monthly income while maintaining complete control of the securities. Clients will not receive actual dividend payments; however, Pershing will process cash payments as if they are actual dividends to the client account. The advisor that recommends this program and American Portfolios are compensated for their referral to Pershing, which is disclosed in the client agreement. For further details about this program, ask your advisor for more material and fact sheets that will help in making an informed decision.
2. **Loan Advance**—Client will be advanced a line of credit at a competitive interest rate which can be used for personal, consumer or business needs. The client will pledge the securities of an account as collateral. The advisor that recommends this program and American Portfolios are compensated for their referral to Pershing, which is disclosed in the client agreement. For further details about this program, ask your advisor for more material and fact sheets that will help in making an informed decision.

Item 4: Fees and Compensation

Investment Management

1. **Advisory Services and Fees** – APA advisory fees charged to clients can be change with written 30 day notification to clients by it's Investment Advisor Representatives (IAR) or American Portfolios Advisors, Inc. (APA). Advisors affiliated with APA provide investment advisory services. These individuals are appropriately licensed, qualified and authorized to provide advisory services on APA's behalf.

Advisors are appointed and registered on the regulatory systems by APA. All clients must complete an APFS New Account Form (NAF) and an APA Client Agreement before an account can be established. Client will meet with APA Advisor and determine if APA programs are appropriate.

Under the Advisors Choice programs, the client will establish a brokerage account through APFS or one of APA's approved custodians, and may direct the Advisor to execute transactions for the account on a discretionary basis. In opening a Pershing client account, APFS will be the executing broker for all transactions. This may create a conflict of interest because APFS and APA are affiliated firms and APFS may be compensated for those transactions. The advisor of APA (IAR) will always put the client first. Clients are advised, in accordance with the program chosen, that there may be transaction charges

involved when purchasing or selling securities. APA may or may not share in any portion of the brokerage fees/transaction charges imposed by its affiliates.

The approved APA custodians will determine the amount of transaction charges to be paid for each transaction or service, including custodial fees, provided. These custodians have approved APA as an RIA through a written agreement. Some custodians may offer lower charges, at their discretion, than others. This price variance can cause a conflict of interest.

In APA, an affiliate of APFS, the Advisor has a financial interest in a directed brokerage arrangement with APFS because APFS will earn transaction charges or other income in connection with those transactions. A disparity may exist between these charges and the charges that would be borne if the client did not direct brokerage to APFS.

Generally, the transaction charge payable by a client is non-negotiable between the client and APFS, except as specifically provided herein or in the Client's account agreement. Any such transactions will be executed by APFS only to the extent permitted by and in compliance with applicable laws and regulations.

Administration Fee is assessed to clients with Advisor's Choice accounts. The client fee charged to Advisor's Choice accounts, except for JLP accounts, is a total of the Advisor Fee as outlined in the client agreement and the administration fee as outlined above. The total fee is based on each account's asset value as of the last business day of the prior quarterly or monthly period, per the billing cycle chosen by the IAR and agreed to by the client. This administration fee, and therefore, may be higher or lower each billing cycle as it is based on the account's value each billing period. The administration fee schedule on an annual basis is as follows:

Frequently, Advisors are in a position of buying or selling the same security for a number of clients. In an effort to reduce market impact and to obtain best execution, securities may be purchased or sold in bulk (or aggregated) on the same day for the Advisor's clients to the extent permitted by applicable law and regulations. In such cases, the transactions, as well as the expenses incurred in the transactions will be allocated according to a policy designed to ensure that such allocation is equitable and consistent with the Advisor's fiduciary duty to its clients. Pursuant to this policy, aggregated orders are averaged as to price and, except in the case of small orders, are allocated pro rata as to amount according to each account's daily purchase or sale orders.

No-load variable annuities can be purchased by advisors and a fee can be charged by the advisor to manage the sub-accounts or the client and Advisor may employ the services of a third-party manager for that no-load variable annuity product by having a client sign a Variable Annuity Management Contract.

Advisors utilizing commission-based or loaded variable annuities and/or variable life policies cannot collect a fee to manage the sub-accounts of the annuity for a period of 36 months after a commission has been paid. This applies to all managers including third-party managers.

2. **Third-Party Asset Managers**—In TPAM, the Advisor and the client select the investment manager for the client's account. Once APA and IAR have determined that the client is suitable for the program, the chosen investment manager will determine the suitability of the transactions and will transact with discretion. APA's supervisory function is limited to determining and monitoring suitability of the client, as described in the client agreement.

Item 5: Performance-Based Fees and Side-by-Side Management

Certain clients may pay IARs of APA an asset-based management fee, a performance-based management fee or a combination of both through Third-Party Manager Agreements only. This fee is charged to the client—per the agreement—by the Third Party Manager based upon the annual performance off the Portfolio. The Manager Agreement and disclosure brochure signed by the qualified client details all aspects of this fee, how it is calculated and schedule of payment. To the extent that APA accepts a performance-based fee through Third-Party Manager Agreements, the performance-based fee will comply with the requirements of Section 205 and Rule 205-3 under the Investment Advisers Act of 1940, including clients must meet the standards of a “Qualified Client.” Fees charged under this program may or may not exceed the maximum rate as detailed in the “Fees and Compensation” section above. These types of fees are generally charged in arrears. The fee is calculated based upon the performance of the previous year’s actual returns, as provided in the client agreement and disclosure document signed by the client, and paid to APA in the first or second quarter of the following year. The fee may vary from client to client or account to account by advisor because of different services provided by a particular advisor. These fees are explained by the advisor and agreed upon through client signature on the client agreement of the Third Party Manager.

IARs of APA faces a conflict of interest in recommending accounts that are charged a performance-based fee and accounts that are charged asset-based fees at the same time, including that IARs may have an incentive to favor accounts which pay a performance-based fee.

Item 6: Types of Clients

APA primarily provides investment advice and financial planning services to the following types of clients:

- Individuals
- Joint accounts
- Retirement
- Custodial
- Pension and profit sharing plans
- Trusts, estates, and charitable organizations
- Corporations and business entities.

Minimum Account Size

The minimum account size for an advisors choice account, (which may be waived with prior compliance approval,) is \$25,000. The minimum account size for an account held by a TPAM varies by manager according to its brochure/ADV can range from \$25,000 to \$250,000 minimum. APA or the third-party manager may require the client to deposit additional money or securities to bring the account value up to the required minimum or close the account or charge the client a minimum billing fee as notice in each client agreement.

Item 7: Methods of Analysis, Investment Strategies and Risk of Loss

Although we manage your account in a way that we believe is consistent with your specific investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. General economic conditions, current interest rates, the performance of a particular industry or company, and any number of other factors can affect investment performance. You should be prepared to bear the risk of loss. All investments are subject to

loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions) and the loss of future earnings.

Investing in equities—whether through stocks, mutual funds or ETFs—involves risk, which may include:

- **Financial Risk**—the risk that the companies we recommend to you may perform poorly, which will affect the price of your investment.
- **Market Risk**—Risk that the stock market will decline, decreasing the values of the securities that we have recommended to you.
- **Inflation Risk**—the risk that the rate of price increases in the economy deteriorates the returns associated with stock.
- **Political and Governmental Risk**—Risk that the value of your investments may change with the introduction of new laws or regulations.

Investing in bonds and debt instruments also involves the assumption of risks, including:

- **Interest Rate Risk**—the risk that the value of the bond investments we recommend to you will fall if interest rates increase.
- **Call Risk**—Risk that your bond investments will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.
- **Default Risk**—the risk that the bond issuer may not be able to pay you the contractual interest or principal on the bond in a timely manner or at all.
- **Inflation Risk**—the risk that the rate of price increases in the economy deteriorates the returns associated with the bond.

Investing in alternative investments, such as private placements or real estate, involve specific risks that may be greater than those associated with traditional investments, including:

- Alternatives may have limited liquidity due to lock up periods and lack of markets.
- Many alternatives have high cost of entry, requiring hefty minimum purchases.
- Such products employ potentially speculative investment strategies.
- Changes in tax laws may impact the performance.
- Many alternatives have different regulatory and reporting requirements.
- It should be noted that APA allows these positions to be held in an advisory account but not billed an advisory fee. The client reports may be inaccurate because the values of the positions are generally not priced on a regular basis, which may create false performance reporting accounting.

The use of margin involves the assumption of certain risks, including but not limited to:

- You may lose more than the principal you invest as your risk includes the amount you invest plus the amount that has been loaned to you.
- The custodian may force the sale of securities in your account if the equity in your account falls below the margin requirements.
- You may not be entitled to select which securities will be sold to meet margin requirements.
- Margin requirements may be changed by the custodian without notice.

Short sales, or selling a security that is not commonly owned, carries the risk of potentially unlimited loss. The strategy assumes the price of the stock will decline so that the shares may be purchased at a lower cost when delivered. But, there can be no guarantee the price of the security will decline.

Options are considered speculative. Utilizing options in an account involves the assumption of certain risks, included but not limited to:

- Options can be highly volatile in price.
- Writing options on uncovered positions may expose you to unlimited loss.
- Options have an expiration date. It may not be possible to determine the opportune time to exercise an option, which impacts the amount of potential profit or loss.

You should be aware that transactions in the account, including account reallocations and rebalancing, may trigger a taxable event, unless your account is a qualified retirement or other tax deferred account.

1. **Methods of Analysis**—APA's advisors utilize analysis methods to include research provided by custodial relationships, periodicals and business partner educational materials. The main sources of information used by APA are research materials prepared by others, financial newspapers and magazines, annual reports, prospectuses, filings with the Securities and Exchange Commission, and Company press releases.

Advisors may or may not use quantitative analysis (including asset allocation models) as part of their securities analysis methods.

2. **Investment Strategies**—The investment strategies used to implement any investment advice given to clients may include long-term purchases (securities held at least a year); short-term purchases (securities sold within a year); trading (securities sold within 30 days); and covered call option writing. Frequent trading strategies are not encouraged.
3. **Risk of Loss**—past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that the client should be prepared to bear.

Item 8: Disciplinary Information

There are no administrative, civil or criminal actions pending against APA or any of its management personnel.

Item 9: Other Financial Industry Activities and Affiliations

Certain Advisors of APFS who are separately registered as investment advisors (or who are advisory representatives of separately registered investment advisers) may provide investment advice to clients through programs described on their individual disclosure documents. APFS may execute trades on behalf of client's accounts in these programs in its capacity as a broker/dealer. Client account agreements will set forth whether APA or a third-party manager is providing the investment advice to clients.

Registered representatives may also represent one or more general life insurance agencies. Such representatives may recommend the purchase of insurance products to their clients and may receive commissions in connection with such purchases. Independent contractors, who are not Advisors of APA, may also sell life insurance. Certain APFS/APA representatives may also be employed as independent insurance brokers and sell fixed insurance products through their own agencies. APFS may share a portion of the commission generated by the sale of insurance products.

You are under no obligation to utilize the services of any Advisor of APA in the purchase or sale of securities or insurance products and services through his/her association with American Portfolios Financial Services, Inc., Insurance Company or American Portfolios Advisors, Inc. However, any transactions you may effect through him/her in conjunction with those relationships may result in the receipt of commissions and other compensation in addition to any advisory fee that we charge, and the additional compensation may present a conflict of interest to recommend products and services based upon compensation, rather than on your needs. IAR's of APA will explain

the costs associated with any recommendations he/she makes. You have no obligation to do business with that IAR of APA in these capacities.

Item 10: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

1. **Code of Ethics**—APFS and APA have procedures dealing with insider trading, employee-related accounts, front running and other issues that may present potential conflicts when such purchases, sales or recommendations are made. In general, these policies and procedures are intended to eliminate, to the extent possible, the adverse effect of any such potential conflicts of interest.

APA has established the following restrictions in order to ensure its fiduciary responsibilities:

- a. APA emphasizes the unrestricted right of the client to specify investment objectives, guidelines and/or conditions on the overall management of their account.
- b. Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry.
- c. No associated person of APA or their immediate family shall prefer his or her own interest to that of the advisory client. Investment opportunities must be offered first to clients before APA or associated persons may participate in such transactions.
- d. APA requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- e. Records will be maintained of all securities bought or sold by APA, associated persons of APA and related entities. A qualified representative of APA's affiliate, APFS the broker/dealer, will review these records on a regular basis.
- f. Any individual not in observance of the above may be subject to termination.

An investment policy has been established recognizing that some securities being considered for purchase and/or sale on behalf of APA's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with APA's records in the manner set forth above.

The foregoing does not apply to certain types of securities, such as obligations of the U.S. Government, and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by Advisory representatives are not likely to have an impact on the prices of the fund shares in which clients invest.

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

2. **Participation or Interest in Client Transactions and Personal Trading**—APA or individuals associated with APA may buy or sell—for their personal account(s)—investment products identical to those recommended to clients. They may also recommend to clients that they buy or sell securities or investment products in which they, or a related person, have some fundamental interest. It is the expressed policy of APA that no person employed by APA may purchase or sell any security prior to transactions implemented for an advisory account, therefore preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

3. **Policy on Confidentiality**—As an employee of APA, associated persons may learn confidential information concerning APA and its clients. “Confidential information” generally means all information not publicly available (through the media or public records) and includes, but is not limited to:
- a. The composition of client portfolios
 - b. Certain records, procedures and other proprietary information
 - c. Family or personal information

It is APA’s policy that individuals employed by the firm must not disclose, directly or indirectly, any confidential information to anyone other than APA personnel and authorized professional advisors, such as broker/dealers, attorneys and accountants, who need such information in order to discharge their professional services.

4. **Policy on Initial Public Offerings**—APA does not participate in Initial Public Offerings.

Item 11: Brokerage Practices

APA has chosen custodians to use for securities transactions, the following factors are considered in selecting such brokers: execution capabilities, availability of securities to be purchased, financial strength, responsibility, responsiveness to the client, and the Firm and the advisor having the proper license or acceptable designation to conduct this business and be posted to the FINRA IARD system.

Research is used for all of APA’s accounts, whether paying for it or not. No procedures are used by APA to direct client transactions to a particular broker, other than disclosed herein. APA participates in the Institutional customer program offered by TD Ameritrade Institutional and Schwab Institutional and Pershing LLC. APA provides its advisors with specific software applications that aggregate all client accounts to better their reporting ability in their client’s best interest. Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”), member FINRA/SIPC/NFA. TD Ameritrade is an independent (and unaffiliated) SEC-registered broker/dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 13 & 14 below.) Concessions provided to APA are not shared by APA with its IAR’s.

While APFS does prohibit agency cross transactions on equities, it does allow for bond cross transactions (i.e., transactions in which APFS or an affiliate acts as broker for the parties on both sides of the transaction), though it generally attempts to limit such activities.

APFS is an affiliated firm with American Portfolios Advisors, Inc. and its associated persons may recommend to clients the purchase or sale of investment products through the custodian Pershing, in which it or a related entity may have some fundamental interest, including the receipt of compensation. APFS may receive certain compensation from Pershing based upon brokerage accounts and, because of this activity, may present a conflict of interest. APFS and APA will always put the interest and concern of the client first, and in spite of the conflict of interest will serve the client needs and interests above their own.

Certain mutual funds (and/or their related persons) and certain unit investment trusts in which a client may invest, make payments to broker-dealers. Such payments may be distributed pursuant to a 12b-1 distribution plan or pursuant to another arrangement as compensation for distribution or administrative services and may be paid out of the fund’s or the trust’s assets. APFS may receive such fees or other compensation to the extent permitted by applicable law. A fund that imposes a front-end sales load but which waives that front-end sales load for purchases made on behalf of the client’s accounts (a “front-end load” fund at net asset value) may incur 12b-1 distribution or



service fees in excess of .25% of the account's net assets invested in such fund (the maximum allowed for no-load funds).

The 12b-1 fee and other fee arrangements will be disclosed upon request of the client and are typically described in the applicable fund's or trust's prospectus. The advisor of APA may or may not receive these 12b-1 fees paid to APFS as the broker/dealer by the mutual fund companies. APFS, at its discretion, may retain these fees to offset distribution costs. Because of these compensation arrangements for non-ERISA accounts, a conflict of interest exists in connection with the recommendation of particular mutual funds investments for a client's account. However, APA is subject to, and intends to comply fully with, standards of fiduciary duty that require that it acts solely in the best interest of a client when making investment recommendations, with respect to investments in mutual funds or unit investment trusts on behalf of an ERISA account.

APFS may also receive a portion of other custodial concessions to include, but not limited to, money market balances.

Error Accounts: When an error occurs while trading a client account APA and its advisor's have error account(s) to process these error transactions. If there is a negative balance (credit owed) the client after the correction is processed, American Portfolios Advisors, Inc. (APA) refunds the client the amount of the negative balance. If there is a balance (surplus) after the correction APA keeps that surplus by transferring that surplus to its working account(s) or requests a check be sent to APA. If an advisor of APA has their own error account that advisor of APA can request that surplus from their error account be sent to them by check or transfer. The advisor is entitled to that surplus after the transaction has been processed.

Item 12: Review of Accounts

Generally, the Advisor is responsible for reviewing client accounts, at least annually. APA supervising principals review for suitability for all new accounts to determine if client's portfolio is suitable and contains the correct investment options for the client's needs, risk tolerance and requirements. APFS reviews all New Account Forms where it provides brokerage services through the Pershing platform for adequate disclosure of the client's financial goals and financial means. Trade surveillance is monitored on at least a weekly basis by APFS supervising principal and other APFS departments that have access to commissions/fees paid, as well as the operations area of APFS.

For each month in which there is activity in an account, or if there is no activity, clients will receive a brokerage statement on a quarterly basis which provides the current market value of the combined holdings as a quarter-end, a summary of transactions. Clients also receive a confirmation after each transaction executed in their account by the custodian. These confirmations may be in hard copy form, electronic notification or be available on the custodian's on-line system for client review. When a client is completing a client agreement in any APA program offering, they have the ability to turn off hard copy transaction confirmation notifications and agree to electronic notification of the transactions in their account, or accept the information on the monthly statement provided by the custodian.

By acknowledging receipt of the Advisor's Brochure, client may or may not agree to receive electronic notifications and updates to Advisor's Brochure (annual offer of Brochure), Performance Reports (when requested), Privacy Statement and Business Continuity disclosures.

At least annually, a client will receive an advisors review detailing current holdings, asset allocation and performance. Reports will be generated by IAR's and/or TPAMs and made available for clients upon request.

Item 13: Client Referrals and Other Compensation

Custodial Relationships

Pershing

Pershing Managed Investments will make available, through its technology, the Distributor Workstation and a proposal system for APA and its Advisors for certain programs. APA participates in Pershing Managed Investments or with one of its affiliates for customer programs. APA may recommend Pershing to clients for custody, brokerage and third-party managed services. There is a direct link between APA's participation in the program and the investment advice it gives to its clients. APA receives economic benefits through its participation in the program that is typically not available to Pershing and or other investors. These benefits include the following products and services provided within the program cost structure: duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts at the average price for the block trade); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and marketing, research, technology and practice management products. Third-party vendors may also supply some or all of these same services.

Other services made available by Pershing are intended to help APA manage and further develop its business enterprise. The benefits received by APA through participation in the program do not depend on the amount of brokerage transactions directed to Pershing. Clients should be aware, however, that the receipt of economic benefits by APA in and of itself creates a potential conflict of interest and may indirectly influence APA's recommendation of Pershing for custody and brokerage services. APA also receives from Pershing certain additional economic benefits that may or may not be offered to any other independent investment advisors participating in the program. APA's receipt of economic benefit does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts and determining the best possible solution for their risk tolerance. APA, by participating in the program, may receive discounts for technology, marketing, compliance, practice management products and products provided by third-party vendors.

Some of the products and services made available by Pershing through the program may benefit APA but may not benefit its client's accounts. These products or services may assist APA in managing and administering client accounts, including accounts not maintained at Pershing.

Fees for these programs start with a minimum fee of 50 bps with a maximum of 300 bps or 3%; all fees are negotiable.

APA is the sponsor for the Managed Account Command program through Pershing Investments and Lockwood is the portfolio manager. Lockwood creates their own models for each of the offered programs from proprietary research and makes them available to APA. In addition Lockwood makes a number of Third Party Managers available through the Managers Choice Program.

APA may receive compensation pursuant to these agreements for introducing clients to the management program affiliated with APA. This compensation is typically negotiated between APA and Manager for a flat dollar amount or basis points charged within the overall fee to the client to be used by APA for the benefit of its clients, IARs and the firm.

TD Ameritrade

APA participates in the Institutional Additional Services program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade") (TDA), an unaffiliated SEC-registered broker/dealer and a FINRA/SIPC/NFA member by agreement. TD Ameritrade offers to



independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

Administration Fee is assessed to clients with Advisor's Choice accounts. The client fee charged to Advisor's Choice accounts, except for JLP accounts, is a total of the Advisor Fee as outlined in the client agreement and the administration fee as outlined above in Item #3. The total fee is based on each account's asset value as of the last business day of the prior quarterly or monthly period, per the billing cycle chosen by the IAR and agreed to by the client. This administration fee, and therefore, may be higher or lower each billing cycle as it is based on the account's value each billing period. See page 4 and 5 above for fee details.

APA receives compensation pursuant to these agreements. This compensation is typically negotiated between APA and TDA for a flat dollar amount, to be used by APA for the benefit of its clients and advisors.

APA participates in TD Ameritrade Institutional Additional Services program, and APA may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between APA's participation in the program and the investment advice it gives to its clients, although APA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors or other advisors. These benefits include the following products and services provided without cost: duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology and practice management products or services provided to APA by third-party vendors. Some of the products and services made available by TD Ameritrade through the program may benefit APA but may not benefit its client accounts. These products or services assist APA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help APA manage and further develop its business enterprise. The benefits received by APA through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by APA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence APA's recommendation of TD Ameritrade for custody and brokerage services.

APA as part of this agreement receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include payment by TD Ameritrade to various vendors that supply various tools and software applications that are used to create client portfolios, using mutual funds and money managers: Morningstar Workstation, a software application that provides due diligence for mutual funds, equities, VA sub-accounts (mutual funds) and Third-Party Money Managers; Bloomberg terminal, used to monitor and analyze real time financial market data movements, has price quotes, news and many more market-related functions; and Advisor Software, Inc., an application that assists in development of financial plans and asset allocation for clients. In addition, the Firm may receive, through its participation in the program, discounts on compliance, marketing, technology and practice management. TD Ameritrade provides the Additional Services at its own expense, and APA does not pay any fees to TD Ameritrade for the Additional Services. APA and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

APA's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to APA, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, APA's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with APA at its sole discretion. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, APA may have an incentive to recommend to its clients that the assets



under management by APA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. APA's receipt of Additional Services does not diminish its duty to act in the best interests of its clients as a fiduciary, including seeking best execution of trades for client accounts.

Schwab Institutional Services

APA does not have any Additional Services agreement with Schwab Institutional. APA receives no additional compensation of any kind from Schwab.

Administration Fee is assessed to clients with Advisor's Choice accounts. The client fee charged to Advisor's Choice accounts, except for JLP accounts, is a total of the Advisor Fee as outlined in the client agreement and the administration fee as outlined above in Item #3. The total fee is based on each account's asset value as of the last business day of the prior quarterly or monthly period, per the billing cycle chosen by the IAR and agreed to by the client. This administration fee, and therefore, may be higher or lower each billing cycle as it is based on the account's value each billing period. The administration fee schedule can be found on pages 4 and 5 above.:

Billing cycle: The advisor needs to choose the billing cycle of either monthly or quarterly on the Initial Billing Form for the Advisor's choice program.

Schwab Institutional provides APA with access to its Institutional trading and operations services, which are typically not available to Schwab retail investors but are available to all RIAs that use Schwab as custodian. These services generally are available to independent investment advisers at no charge to them so long as a total of at least \$10 million of the Advisor's clients' account assets are maintained at Schwab Institutional. Schwab Institutional services may include research, brokerage, custody, and access to mutual funds and other investments that are otherwise available only to Institutional investors or would require significantly higher minimum initial investments. Schwab Institutional also makes available to APA other products and services that benefit APA but may not benefit its clients' accounts. These include software and other technology that: provide access to client account data (such as trade confirmations and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of APA's fees from its clients' accounts; and assist with back-office support, recordkeeping and client reporting. The availability to APA of the foregoing products and services is not contingent upon APA committing to Schwab Institutional any specific amount of business (assets in custody or trading).

Solicitor and Third-Party Manager (Solicitor) Agreements

APA has a process and procedure that will allow its IAR's to create solicitor agreements with Parties of Interest not affiliated with APA. No client referred to or by APA is charged any additional fee over the investment manager's advisory fee or the fee the Investment Advisory Representative (IAR) of APA charges which is stated in a Client Disclosure document executed at time of sale. American Portfolios Financial Services, Inc. (APFS) an affiliated Broker Dealer may provide brokerage services in connection with some of the programs and receive compensation for such services. APA may pay these fees to financial intermediaries, advisors, planners and individuals, through agreement, who refer their clients to APA (interested third parties) but only in accordance with all requirements under Rule 206(4)-3 of the Advisers Act. All Solicitor agreements are executed by the interested parties that refer business to APA. APA conducts due diligence on those interested parties to include personal background checks. The solicitors are compensated as a part of the advisor's fees. When an account is opened where a solicitor is involved, the client will sign a document of disclosure that will disclose the relationship and inform the client that the solicitor will receive compensation for the referral. That executed document will verify the client's notification and approval to compensate the solicitor. APA, through its Advisors, will obtain an investment advisory contract signed by the account owner or investor with required financial, risk tolerance, suitability and investment vehicle selection information for each new account. The Advisor is responsible for providing clients with APA's Brochure and the IAR Disclosure Resume document and if necessary the Brochure of any Third Party Managers used in their Program.

APA's IAR monitors these investment managers to ensure the managers are providing the services and portfolio allocation and suitable risk tolerance for the client. The advisor of APA will comply with rule 206(4)3 under the



Investment Advisor Act of 1940, which may or may not include providing the client with the investment manager's written disclosure documents.

Other services provided by custodians to APA include (but may not represent the complete list):

- **Research and Brokerage Products and Services**—"Research" products and services APA may receive from custodians may include economic surveys, data and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services, software and databases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and research software that permit APA to effect securities transactions and perform functions incidental to transaction execution. APA and its Advisors generally use such products and services in the conduct of its overall investment decision making, not just for those accounts whose commissions may be considered to have been used to pay for the products or services. APA receives these research applications through a flat dollar amount agreement and not through any commissionable business conducted.
- **Amount and Manner of Payment**—A custodian through whom the firm wishes to use soft dollars may establish an agreement based upon a flat dollar amount arising out of brokerage business done in the past, which may be used to pay or reimburse the firm for specified expenses. In other cases, a custodian may provide or pay for the service or product and suggest a level of future business. APA does not exclude a custodian from receiving business simply because the custodian has not been identified as having Additional Service agreements for research products and other related services.

As part of its fiduciary duties to clients, APA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by APA, or its related persons, in and of itself creates a potential conflict of interest.

On occasion, APA may receive benefits from companies that are currently doing business with APA, or that APA is considering doing business with. Benefits from these companies may include, but is not limited to, such things as expenses paid for due diligence trips, conferences, and seminars for Advisors and clients.

Potential Conflicts of Interest Disclosure

APA may have a potential conflict of interest in exercising its discretionary authority to buy and hold shares of certain mutual funds on behalf of clients. Further, IAR's of APA may have a financial incentive to recommend certain securities based upon the amount of compensation that may be received, rather than the needs of their clients.

Because APA and APFS receive economic benefit, APA has a potential conflict of interest in recommending to clients:

1. Use of Schwab, T.D. Ameritrade or Pershing as custodian
2. Investment of their assets in certain mutual funds that include no-load transaction programs
3. Investment in a fund that has a higher service fee than other funds

APA may pay fees to financial intermediaries, advisors, planners and individuals – as solicitors - who refer their clients to APA, but only in accordance with all of the requirements of Rule 206(4)-3 of the Advisors Act.

Item 14: Custody

Currently APA utilizes Pershing LLC, Schwab Institutional and TD Ameritrade Investor Services, Inc. as custodians for client accounts, for both Advisor's Choice and Third Party Managed Programs programs. APA is deemed to have custody of your assets when you authorize us to debit fees from your account. However, APA does not maintain physical custody. Your assets are held at a qualified custodian. As previously noted, you will receive statements from your account custodian on at least a quarterly basis. We urge you to carefully review these statements. You should verify that the transactions in your account are consistent with your investment goals and objectives for your account.

We also urge you to contact us if you have any questions or concerns.

Item 15: The Use of Investment Discretion

The Advisor may utilize discretion in the Advisor's Choice program. The Advisor may utilize limited discretion for trading purposes only. In order to grant this discretionary authority, clients must sign the appropriate application or agreement. When discretion is granted it is the responsibility of the APA Advisor to deliver to each client an Investment Policy Statement (IPS). The IPS document will be signed by the client and maintained in the client file.

Clients in Third Party Asset Management (TPAM) will grant outside investment managers authority to purchase and sell assets on their behalf as set forth in their account agreement with that investment manager. A description of the limitations on the authority of that advisor may be found in the Investment Managers Advisors Brochure to be delivered to the client.

If the client and investment manager select APFS as their broker/dealer for the account, APFS will provide the amount of transaction charges and other charges to be paid for each transaction upon request.

Where APA has discretion regarding which brokers to use for securities transactions, the following factors are considered in selecting such brokers: execution capabilities, availability of securities to be purchased, competitive discounted commission rates, financial strength and responsibility, and responsiveness to the client and the Firm.

APA participates in the Institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade Institutional"), an unaffiliated SEC-registered broker/dealer and FINRA member. TD Ameritrade Institutional offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. APA receives some benefits from TD Ameritrade Institutional through its participation in the program. APA participates in the institutional program offered by Schwab, member of FINRA/SIPC and an unaffiliated SEC-registered broker/dealer. Schwab offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. APA also participates in the institutional program offered by Pershing, a member of FINRA/SIPC and an unaffiliated SEC-registered broker/dealer. Pershing offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. APA receives some benefits from Pershing through its platform incentives.

Item 16: Voting Client Securities

APA does not participate in Proxy voting for any program offered to clients where APA is a sponsor of that program. In addition, neither APA nor its advisors vote proxies on behalf of their clients. Third Party Asset Managers may vote proxies as disclosed in their brochures.

Item 17: Financial Information

APA does not have custody of client's funds or securities. However, with clients' pre-authorization, we do have the ability to debit client accounts for management fees in the Advisors Choice and Strategic Asset Management. APA does not require or solicit prepayment of fees four or more months in advance.

Financial planning, asset management and consulting fee agreements can be contracted on an annual basis and renewed annually. These fees can be prepaid or placed on a payment schedule as dictated by the client agreement.

This remainder of this page is intentionally left blank.



AMERICAN PORTFOLIOS ADVISORS, INC. (APA) REGISTERED INVESTMENT ADVISOR WRAP FEE BROCHURE

September 16, 2015
12:21 PM

Mailing Address:
4250 Veterans Memorial Highway
Suite 420 E.
Holbrook, NY 11741

Tel: 631-439-4600

This brochure provides information about the qualifications and business practices of American Portfolios Advisors, Inc. ("APA"). If you have any questions about the contents of this brochure, please contact us at the telephone number or e-mail address listed above. 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 APA also is available on the SEC's Web site at www.adviserinfo.sec.gov.

There have been no material changes to APA's Form ADV since the last filing.

Registration as an investment advisor does not imply a certain level of skill or training.

Item 1: Table of Contents

Item 1: Table of Contents	22
Item 2: Material Changes	23
Item 3: Services, Fees and Compensation.....	23
Managers Choice (MC)	24
Selection of Third-Party Managers (TPMs).....	24
Advisors Choice (AC)	24
Summary of Wrap Programs	26
Turnkey Asset Management Programs (TAMPs)	26
Lockwood Advisors LLC Flex Portfolios Program (AFP).....	26
Lockwood Advisors, Inc. MAC Platform.....	27
Portfolio Management Strategy and Services	28
Cost of Services	28
Additional Compensation	29
Other Fees	30
Other Fees Disclosure	30
Wrap Fee for Equity, Balanced Accounts and Fixed Income Annual Rate	30
Fee Adjustments Related to Fund Investments.....	31
Terminating an Account	31
Termination Administrative Fee	31
SMA Standard Program Fee (In Basis Points)	31
Inception and Post-Inception Billing	31
Item 4: Account Requirements and Types of Clients.....	31
Conditions for Managing Accounts.....	31
Types of Clients.....	32
Item 5: Portfolio Manager Selection and Evaluation	32
Performance-Based Fees	32
Asset Allocation Modeling and Analysis	32
Third-Party Manager Due Diligence	32
Risk of Loss.....	32
Proxy Voting Policy and Procedures	33
Investment Strategy Development	33
Alternative Investments	33
Item 6: Client Information Provided to Portfolios Managers.....	34
Item 7: Additional Information	34
Disciplinary Information	34
Education and Business Standards	34
Participation or Interest in Client Transactions	35
Other Financial Industry Activities and Affiliations	36
Brokerage Practices.....	36
Code of Ethics	37
Related Persons Invested in MC Securities as Clients	38
Review of Accounts	38
Quarterly Performance Reporting (QPR) and Monitoring	38
Solicitor	39
Other Business Activities	39
Custody.....	39

Item 2: Material Changes

On July 28, 2010, the United States Securities and Exchange Commission (SEC) published “Amendments to Form ADV,” which amends the disclosure document that we provide to clients as required by SEC Rules. This brochure dated September 16, 2015, is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item 2 will discuss only specific material changes that are made to the Wrap Fee Program Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

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 new SEC Rules, we will ensure that you receive a summary of any material 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.

We will further provide you with, or make available to you, a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be received by contacting the Investments Support Team at 631-439-4600 – Advisory Services Department. Our Brochure is also available on our web site, www.americanportfolios.com, free of charge.

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

Item 3: Services, Fees and Compensation

APA is an independent Registered Investment Advisory firm (RIA) regulated by the SEC. The Managers Choice (MC) and Advisors Choice (AC) programs are sponsored by American Portfolios Advisors, Inc. (APA) for the use of its Investment Advisory Representatives (IAR) and affiliated Independent Registered Investment Advisory Firms (IRIA) for the benefit of their clients. These sponsored programs conform to the Investment Advisors Act of 1940 and may be more or less expensive to clients if the services provided are separate from the complete program and may be available from other RIA’s at a lower fee.

Managers Choice is an investment program by which IAR’s of APA can utilize institutional money managers at an account minimum that is substantially less than if a client chose to engage the money manager directly. These managers often manage money to a define discipline, for example a Large Cap Growth manager.

The Advisors Choice program is an advisory account whereby the IAR of APA creates and models an asset allocation based on the client’s risk tolerance and objectives. Once the client has agreed on the investment approach, the IAR will invest the allocation utilizing mutual funds, equities and/or individual fixed income securities. IARs may or may not have discretion in these accounts. An Administration Fee is assessed to clients with Advisor’s Choice accounts. The client fee charged to Advisor’s Choice accounts, except for JLP accounts, TD Ameritrade accounts and Schwab Institutional accounts and combined with the IAR’s fee is a total of the fee as outlined in the client agreement and the administration fee as outlined above. The total fee is based on each account’s asset value as of the last business day of the prior quarterly or monthly period, per the billing cycle chosen by the IAR and agreed to by the client. This administration fee, and therefore, may be higher or lower each billing cycle as it is based on the account’s value each billing period. The administration fee schedule on an annual basis is as follows:

Our IARs can employ either or both strategies with their clients. APA may also recommend that a portion of the client's portfolio be invested in one or more Registered Alternative investments and specifically approved Non-Registered Alternative Investment positions. These alternative investments are described below under "Alternative Investments" section of this document. Please refer to the Administrative Fee Schedule below for pricing detail.

Manager's Choice (APA-Sponsored Program)

Under the Manager's Choice program, investors are offered the opportunity to have their assets professionally managed by one or more Third-Party Institutional Managers (TPMs). While each TPM dictates the minimum amount needed to establish an account, the industry appears to have an average minimum of \$100,000. However, there are programs that are available with a minimum allowable account value of \$25,000.

Under Manager's Choice, portfolios are generally allocated among different TPMs or in a diversified portfolio. Clients participating in the program receive trade confirmations, account statements and quarterly performance reports either in paper or electronic format. The TPMs will debit the client accounts quarterly in advance for the agreed upon advisory fees noted within the client's agreement executed with APA, its IAR and/or the TPM. The performance of the TPM is independently monitored and reported to the client quarterly by the TPM.

For each client, the TPM will first accept the client based upon the suitability submitted by APA's IAR and will construct an asset allocation and portfolio that reflects specific information pertaining to the client's investment guidelines and objectives. Furthermore, the TPM will adhere to any explicit instructions communicated to the TPM, as necessary, in connection with the management of the client's account. Accounts of clients participating in Manager's Choice are managed in accordance with model portfolios maintained by each TPM, selected by the client, and subject to any specific investment restrictions or limitations imposed by the client which have been communicated in writing by APA's IAR to the TPM. If the client imposes certain requirements of the manager to coincide with their investment objectives, the manager has the right to refuse the account if the requirements are not within the manager's guide lines.

Accordingly, the discretionary authority of each TPM selected by a client participating in Manager's Choice is limited to making decisions with respect to the specific securities and portfolio weightings of such securities held in the TPM's model portfolio. The TPM's role in the execution of securities trades for the client accounts includes an understanding that the changes it makes to its investment model portfolio will result in the custodian and clearing broker executing transactions in client accounts utilizing the model.

Selection of Third-Party Managers (TPMs)

Selecting the best combination of portfolio managers is critical to the long-term success of the client's goals. The IAR matches the client's requirements with those TPMs who have been approved to work in APA's MCP program, and whose style and characteristics—based upon information provided by the client in the client questionnaire and in consultation with the client and/or the client's advisors—best match their investment objectives. TPMs are recommended based upon the investment goals, needs, and risk tolerance of the client. The rationale behind the recommendation is explained to each prospective client. Ultimately the client retains each TPM, but the IAR will recommend the replacement of a TPM for any one of a variety of reasons including, without limitation, a change in the client's investment objectives or needs, a change in the investment style or process employed by the TPM, a change in the TPM's personnel, and/or under performance as compared to applicable benchmark indices and peer managers with comparable investment styles. The TPM's that have been approved for use in the MC program are directly accessible to our IARs through the coordination of our home office.

Advisor's Choice (APA-Sponsored Program)

Under the Advisor's Choice program, one or more of APA's IARs assume the portfolio manager role and are charged with management of the client's assets. The Advisor's Choice program allows the client to open an account with one of our custodians and invest in, without limitation, individual stocks, mutual funds, ETF's, bonds, securities and covered call options. The minimum amount to open these accounts is generally \$25,000. APA

allows accounts to be house held together to assist in reaching the minimum account value needed. These accounts must all reside at one address and must be held at one custodian using one type of program.

Administration Fee – The client fee charged to Advisor's Choice accounts, except for JLP accounts, is a fee assessed to the client as outlined below. This administration fee is based on each account's asset value as of the last business day of the prior quarterly or monthly period, per the billing cycle chosen by the IAR and agreed to by the client. This administration fee, and therefore may be higher or lower each billing cycle as it is based on the account's value each billing period. The administration fee schedule on an annual basis is as follows:

Account Value	Administration Fee
\$0 - \$25,000	25 bps
\$25,001 - \$100,000	20 bps
\$100,001 - \$500,000	12 bps
\$500,001 - \$1,000,000	10 bps
\$1,000,001 and above	5 bps

Householding of accounts: accounts with an aggregate value above \$250,000, each account in the household will be charged the administration fee associated with the total aggregated value, not on each account's value. Accounts (if not househanded) under the account minimum of \$25,000 will be charged the greater of 25 bps or \$40 per year if account value is less than the \$25,000 minimum account opening size. See Fee Table below for more detail of fees charged.

Billing cycle: The advisor needs to choose the billing cycle of either monthly or quarterly on the Initial Billing Form for Advisor's Choice accounts (OA1, OBL) and all accounts held at TD Ameritrade, and Schwab Institutional.

An advisor cannot household accounts at multiple custodians within different vehicles. All accounts must be held at one particular custodian, must be held in one "office range" for billing purposes where break point billing will occur. The IAR may or may not have trading authority within any accounts. Discretion/trading authority can only be authorized by the client through the client agreement. Based on information provided by the client, using a client questionnaire, the IAR will create a suitable asset allocation strategy within the risk tolerances as demonstrated by the results of the client questionnaire, client temperament, goals, and time and risk assessment. The IAR assists the client in defining investment objectives and determining overall appropriate asset allocation.

In the Advisor's Choice program, the IAR has the fiduciary responsibility for the recommendation of a suitable asset allocation. The IAR then implements the selection and monitors and reports on the performance of each selected portfolio to the client, either by hard copy mailed to the client or through the electronic delivery of the performance report. The custodian will debit from the client's account the agreed upon quarterly advisory fees noted within the client's agreement executed with APA based upon total account value at each quarters end. Fees can be debited in advance in arrears, but will be defined in the Advisor's Choice brochure.

Some mutual funds used in this program distribute a 12b-1fee. Fee arrangements will be disclosed upon request of the client and are typically described in the applicable funds or trust's prospectus. The advisor of APA may or may not receive these 12b-1 fees paid to APFS as the broker/dealer by the mutual fund companies. APFS, at its discretion, may retain these fees to offset distribution costs. Because of these compensation arrangements for non-ERISA accounts, a conflict of interest exists in connection with the recommendation of particular mutual funds investments for a client's account. However, APA is subject to, and intends to comply fully with, standards of fiduciary duty that require that it acts solely in the best interest of a client when making investment

recommendations, with respect to investments in mutual funds or unit investment trusts on behalf of an ERISA account.

APFS may also receive a portion of other custodial concessions to include, but not limited to, money market balances.

Fees are billed in advance of the upcoming quarter and debited from each account.

Summary of Wrap Programs

All programs provide a variety of client services that include, but are not limited to, portfolio analysis, development of investment policy, asset allocation modeling and analysis, investment management selection, and quarterly performance reporting, upon client request and monitoring. All services are designed to ensure a high level of quality money management to meet the client's investment objectives. The Wrap Fee includes the Administrative fee described above.

Turnkey Asset Management Programs (TAMPs)

APA acts as a solicitor for several investment management programs, serves as sponsor for available programs and often refers clients to TAMPs (Turnkey Asset Management Programs). Within these programs, APA and the IAR act strictly as a solicitor to refer business to the TAMP. IAR will assist the client in completing the Risk Tolerance Questionnaire of the TAMP to assist the TAMP in developing an asset allocation strategy. Once a decision is made, the client will complete the balance of the TAMP's documentation. The IAR and APA will be compensated for their role of solicitor paid in either advance or arrears, depending on the procedures and brochure of each TAMP.

The following are some of the leading TAMPs that APA has agreements with; not all available TAMP's listed:

- Brinker Capital
- Asset Mark
- Curian
- SEI

Each TAMP maintains their own Advisor Brochure; the investment methodology and pricing is clearly defined in said document.

Lockwood Advisors LLC Flex Portfolios Program (APF) (APA-Sponsored Program)

Another choice given to clients is the Advisor Flex Program (AFP) program in which AFP, an affiliate of Pershing, is the Third Party Manager (TPM). Lockwood is registered with the SEC as an investment advisor. An affiliate of Lockwood, Pershing is registered with FINRA and the New York Stock Exchange as a securities broker/dealer. Pershing provides the customary services that a full service broker/dealer provides, such as clearing and custody services. Lockwood and Pershing are each owned by The Bank of New York Mellon Corporation.

For the AFP program, Lockwood creates models based on allocation strategies which it makes available to APA. The models/ allocation strategies are:

- Current Income/Income Generation
- Current Income/Purchasing Power Presentation
- Capital Appreciation/Conservative
- Capital Appreciation/Moderate
- Capital Appreciation/Moderate Growth
- Capital Appreciation/Growth
- Capital Appreciation/Enhanced Growth

Lockwood also makes model-related information—such as reports prepared by Morningstar, marketing materials and market commentary—available to APA and its advisors.



An IAR, although without having discretion, can choose specific positions from an approved list already created by Lockwood to add or substitute into the allocation. Rebalancing is approved by clients, along with granting limited discretion to the account. The minimum account size is \$25,000 with subsequent minimum contributions of \$1,000. Billing of fees is in advance with accounts values for billing determined by the value of the account on the last business day of the quarter.

In addition to the fee listed above, the client will pay an advisory fee to American Portfolios Advisors, Inc., which will compensate the IAR of APA, and APA. APA also receives a portion of the fee listed in the fee structure above and a portion of the advisor fee for administering the Program. The management fee for this program is a maximum of 3%, and is negotiable and billed quarterly in advance. The fee charged covers custody, clearing, management fees and the APA advisor fee.

Lockwood Asset Allocation Portfolios (LAAP)

Product Description—Discretionary, multi-discipline managed account product housed in a single portfolio. Lockwood Capital Management, Inc. (LCM) determines asset allocation strategy and selects investment vehicles for each investment style component of the portfolios based on proprietary modeling strategies.

Diversification—the broad spectrum of traditional asset classes can be accommodated within a single portfolio of open-end mutual funds, closed-end funds, and ETFs.

Risk Management—Periodic discretionary rebalancing keeps portfolio in line with desired Investment Objective and adapts to changing market conditions. The broad spectrum of traditional asset classes can be accommodated within a single portfolio of open-end mutual funds, closed-end funds and ETFs. The Management Fee for this program is a maximum of 3% is negotiable and billed quarterly in advance. The fee charged covers custody, clearing, management fees and the APA advisor fee.

Lockwood Investment Strategies (LIS)

Product Description—Discretionary, multi-discipline, managed account product housed in a single portfolio. Lockwood Capital Management, Inc. (LCM) determines asset allocation strategy and selects money managers/investment vehicles for each investment style component of the portfolio based on proprietary modeling strategies. At the Client's discretion, portfolio may include exposure to non-traditional asset classes designed to reduce overall portfolio volatility. Overlay management protocols are used to coordinate the buying and selling of securities, tax efficiency and rebalancing across the entire portfolio. The broad spectrum of traditional asset classes can be accommodated within a single portfolio of open-end mutual funds, close-end funds, ETFs and individual securities. Clients seeking exposure to non-traditional asset classes can select strategies that include alternative investments. The Management Fee for this program is a maximum of 3% is negotiable and billed quarterly in advance. The fee charged covers custody, clearing, management fees and the APA advisor fee.

House holding may be used to reduce the AFP fee, with restrictions. House holding can only be used if those affiliated accounts are all in the AFP program. The AFP fee includes the Lockwood fee, clearing custody fee, and execution fee paid to Pershing and the advisor. Additional fees may apply such as redemption fees and/or 12b1 fees, as well as interest expenses of mutual funds used in the program and other custodial fees. Redemption fee schedules can be found in the mutual fund prospectus. In addition, for availability on the Pershing platform, Pershing may receive fees from the related mutual funds. Pershing, as custodian, from time to time will assess additional charges to programs that the client will be responsible for.

Lockwood Advisors, Inc. /Pershing MAC Platform (APA-Sponsored Program)

Lockwood Advisors' MAC Platform provides a comprehensive asset management program that encompasses account opening, proposal tools, due diligence, reporting and professional asset allocation performed by institutional money managers. The available programs under this heading are, but not all inclusive, Manager's Choice, LIS, LAAP and the Advisor Flex Programs.

The IARs provide the client with Lockwood's account opening paperwork, an APFS brokerage agreement, a copy of Lockwood's Brochure and Schedule H, and then submit the financial information, investment objectives and



account forms to Lockwood. Lockwood reviews the information provided by the client and, once approved, a brokerage account is opened by APFS for the client's managed account assets.

In the MAC program, a broker/dealer like APFS or an RIA like APA may select a manager and/or add managers to the MAC platform by choosing from Lockwood's list of available managers.

With respect to ERISA accounts, they may be primary money market sweep vehicle for accounts. Each client whose account is subject to ERISA will receive a copy of the prospectus of the Money Market Vehicle used.

It should be noted that each manager employs his or her own timeframe for investing funds. Clients should consult each manager's disclosure document to determine the manager's specific procedures. Lockwood is not responsible for any adverse effect caused by a manager's failure to invest client funds on a timely basis.

The total fee assessed to the client will vary depending on the services the client selects. Typically, the client fee will include the Lockwood advisory or program fee, manager(s) fee, clearing and custody fee and an IAR's fee. Fees are calculated as an annual percentage of assets based on the value of the account. Fees are billed pro rata at inception of the account for the remainder of the calendar quarter and quarterly thereafter, unless the parties agree otherwise. Pershing, as custodian, from time to time will assess additional charges to programs that the client will be responsible for. APA shares in these fees as compensation for the administrative functions it performs on behalf of clients and advisors for all MAC programs. Billing of fees is quarterly in advance with account values for billing determined by the value of the account on the last business day of the month or quarter.

Portfolio Management Strategy and Services—Advisor's Choice Program (APA-Sponsored Program)

In order to determine a suitable course of action for an individual client, APA will perform a review of the client's financial circumstances. Such review may include, but would not necessarily be limited to, investment objectives, consideration of the client's overall financial condition, income and tax status, personal and business assets, risk profile and other factors unique to the client's particular circumstances. The IAR/advisor of APA will design the client a custom portfolio and then may revise and/or reallocate that client's portfolio, if necessary. Investments are determined based upon the client's investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situation and other various suitability factors. APA manages client accounts on an individualized basis or portfolio models created by the IAR's of APA. Restrictions and guidelines imposed by a client may affect the composition and performance of custom portfolios. As a result, performance of custom portfolios within the Advisor's Choice program may differ and a client should not expect that the performance of his/her custom portfolio will be identical to any other client's portfolio performance. Billing of fees is monthly or quarterly in advance, with accounts values for billing determined by the value of the account on the last business day of the previous quarter.

Cost of Services

Under the WRAP program, each client enters into an investment advisory agreement with APA and/or the Lockwood/Pershing documentation, TD Ameritrade documentation and Schwab Institutional documentation. This agreement establishes investment objectives with the client, develops an investment strategy to meet those objectives, and identifies appropriate portfolio managers and monitors the performance of such portfolio managers. In consideration of such services, APA receives an investment advisory fee (Wrap Fee) and an Administrative Fee. The Wrap Fee program is, and includes, most advisory, brokerage and custodial costs. The fee may or may not include, without limitation, postage and handling and other fees assessed by the custodian from time to time; certain charges imposed by mutual fund companies for transactions that are considered to be "short-term trading"; from time to time, ticket charges; fees imposed by the Securities and Exchange Commission (SEC) for wire transfer fees; the costs and expenses associated with the temporary investment of the client's funds in a money market account; any internal management or operating fees or expenses imposed or incurred by a mutual fund in which a client's account may be invested; or special requests by the client. Additional fee(s) may consist of charges when a client closes account(s) and transfers an account(s) away from the custodian and APA. These exiting fees are the sole responsibility of the client no matter what program the client is invested in.

Administration Fee – The client fee charged by the Investment Advisor Representative (IAR) of APA and the Administrative fee are charged to Advisor's Choice accounts except for JLP accounts held at the Custodian



Pershing. The Administrative Fee is outlined in the table below. This administration fee is based on each account's asset value as of the last business day of the prior quarterly or monthly period, per the billing cycle chosen by the IAR and agreed to by the client. This administration fee and the IAR fee therefore the client fee may be higher or lower each billing cycle as it is based on the account's value each billing period. The administration fee schedule on an annual basis is as follows:

Account Value	Administration Fee
\$0 - \$25,000	25 bps
\$25,001 - \$100,000	20 bps
\$100,001 - \$500,000	12 bps
\$500,001 - \$1,000,000	10 bps
\$1,000,001 and above	5 bps

Billing of management fees is monthly or quarterly in advance, with accounts values for billing determined by the value of the account on the last business day of the previous month or quarter.

In the Advisor's Choice program, the Wrap Fee is calculated by combining the IAR management fee and the Administrative Fee.

In the Manager's Choice program, a portion of the Wrap Fee is used to pay the Third Party Manager (TPM) selected to manage the account, while the balance of the fee is to compensate the custodian, IAR of APA and APA. The internal range of fees charged by the TPM's for equity, balanced and fixed income accounts is from 2.00% to 0.20%. The aggregate fee for the IAR, APA and the TPM has a maximum cap of 3.00%, for a minimum account value. The fees are calculated based upon the total amount of assets within the account at the end of each month or quarter and are billed in advance.

To illustrate, inasmuch as costs for managing equities are higher than fixed income, the higher the equity allocation, the higher the Wrap Fee; the lower the equity allocation, the lower the Wrap Fee. The actual compensation received by APA varies depending upon the size of the account and the asset allocation, but also upon the number of portfolio managers. Assuming the MC allocation between equity and fixed income and the MC total account size, allocations with fewer managers will generally result in lower fees than allocations utilizing more managers. Furthermore, since fixed income portfolios in some of the Advisor's Choice or Manager's Choice programs are invested in fixed income mutual funds, APA's compensation may be accordingly reduced for assets invested in fixed income mutual funds. However, a mutual fund incurs management fees and other operating fees and expenses as disclosed in the prospectus for such fund, which fees and expenses are in addition to any fees paid to APA.

In addition to the fees listed above, certain TPM's may suggest programs that include performance-based fee pricing. These programs will comply with SEC Rule 205-3. More detailed information on Rule 205-3 is contained in the APA Brochure/ADV Part II. These fees are generally debited once a year in the first quarter of the New Year based upon the performance of the previous year. Please read the offering documentation of the manager and client agreement you signed to learn how and when these fees are calculated and distributed.

Additional Compensation

In addition to the arrangements set forth above, APA may be a party to written cash solicitation agreements with certain unaffiliated Third-Party Investment Managers who participate in Managers Choice. These unaffiliated Third-Party Investment Managers may be registered with either the SEC or the state in which the client resides. APA and the IARs receive compensation pursuant to these arrangements for introducing clients to the unaffiliated investment manager. This compensation is typically equal to a percentage of the investment manager fee charged by that investment manager not an additional fee added to the normal management fee. APA performs due diligence on each incoming Manager to the platform. Because APA receives compensation from these managers



for referring clients and because such compensation may differ depending on the individual agreement with each Third-Party Investment Manager, APA and the IARs may have an incentive to recommend one of these Third-Party Investment Managers over investment managers with which it has a less favorable compensation arrangement, thus may cause a conflict of interest.

If APA or an IAR refers a client to an investment manager with whom APA has a compensation arrangement, the Advisor will comply with rule 206(4)-3 under the Investment Advisers Act of 1940, which requires the IAR to provide the client with the investment manager's written disclosure documents and provide the client with a separate written disclosure document containing a description of the compensation arrangements. No client referred by APA is charged any additional amount over the investment manager's advisory fee as a result of the agreement between APA and the investment manager, unless otherwise set forth in the written disclosure document. APFS, an affiliated broker/dealer of APA, may provide brokerage services in connection with some of the programs and receive compensation for such services. APA may pay fees to financial intermediaries, advisors, planners and individuals who refer their clients to APA, but only in accordance with all requirements under Rule 206(4)-3 of the Advisers Act.

Other Fees

Clients shall be assessed other fees by parties independent from APA. Clients may incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level such as mutual fund short-term redemption fees and other marketing/administrative fees. While brokerage commission and transaction fees are wrapped into the program fee, clients shall be separately responsible for SEC and exchange fees, transfer taxes, old lot differentials, and any other similar costs or charges to the extent applicable regarding the custody and administrative services provided through the approved custodian. Many custodians' from time to time will assess additional charges to programs that the client will be responsible for.

Cash balances in the account may be invested in money market instruments, including mutual funds that have agreements to pay compensation to APFS, APA or custodians. Occasionally, open or closed-end mutual funds may be used that generate fees payable to APA or the clearing agent. Exchange Traded Funds (ETFs) and similar funds do have internal fees that are included in the investment results.

Other Fees Disclosure

The cost of non-wrapped investment advisory services may be lower or higher than other investment advisory services provided under the Wrap Fee program. Because APA may receive more compensation from a client's participation in the program than if the client received advisory services and brokerage services separately, APA may have a financial incentive to recommend the program to clients over other types of advisory services. APA may give advice to others that may be different from the advice given to Wrap Fee program clients. A non-wrapped pricing arrangement may be more cost effective for accounts that do not experience frequent trading activity.

The person—APA IAR—recommending the Wrap Fee program to the client receives compensation as a result of the client's participation in the program. The amount of this compensation may be more than what the person would receive if the client participated in other programs of the sponsor or paid separately for investment advice, brokerage and other services. The IAR of APA may therefore have a financial incentive to recommend the Wrap Fee program over other programs or services.

Wrap Fee for Equity, Balanced Accounts and Fixed Income Annual Rate

Fees represented below are maximum fees allowed to be charged by the IAR of APA. All fees are negotiable.

Total Net Asset Value	Managers Choice	Advisors Choice
\$25,000 to \$250,000	3.00%	3.00%
\$250,001 to \$500,000	3.00%	3.00%

\$500,000 to \$1 million	2.50%	2.50%
Over \$1 million	1.50%	1.50%

Fee Adjustments Related to Fund Investments

If a client unilaterally invests directly a portion of his or her portfolio with a mutual fund, APA's fee for that portion of the client's assets will not include any amount for portfolio management of that mutual fund. The client will be responsible for paying operating fees and expenses of the fund, such as custodial fees, brokerage expenses, appraisal fees, and legal and accounting fees as the fund incurs them. These fees and expenses are disclosed in the prospectus or offering materials for the fund.

Terminating an Account

The agreement for investment management services shall continue in effect until terminated by either party by giving to the other party written notice. Any prepaid, unearned fees will be promptly refunded upon written request, determined on a pro-rata basis. Accounts may be subject to a modest cost of reimbursement of fees related to unused portion of fees for the remainder of the quarter. In addition, there may be fees charged by the custodian for transferring the account away from APA. These fees are the responsibility of the client.

Termination Administrative Fee

The client will be entitled to a pro-rated refund of any prepaid quarterly fee based upon the number of days remaining in the quarter after the termination date. If a terminating account is assessed administrative costs they will vary depending on the portfolio manager selected and the investment style of the account. Comparable services may be available from other sources for fees lower or higher than those charged by APA. Fees may be discounted or negotiated at APA's discretion.

SMA Standard Program Fee (In Basis Points)

Fees represented below are maximum fees allowed to be charged for management by the IAR of APA. All fees are negotiable.

Household	SMA Equity/Balanced	SMA Fixed Income
First \$500,000	3.00%	2.00%
\$500,001 - \$1 million	2.5%	1.50%
Over \$1 million	1.5%	1.00%

Inception and Post-Inception Billing

At inception, fees are billed from the date the account is opened and funded through the end of that calendar quarter in advance. Thereafter, fees are billed in advance for the next calendar quarter based on the value of the assets at the end of the prior calendar quarter. For post-inception deposits in excess of \$500.00, pro-rated fees on each deposit may be charged.

Item 4: Account Requirements and Types of Clients

Conditions for Managing Accounts

The minimum account size for Advisors Choice, which may be waived, is \$25,000. The minimum account size for Managers Choice is \$25,000, but it may vary at the sole discretion of APA with some manager's minimums starting at \$25,000. Brinker Capital, Curian Capital and SEI have programs starting at a minimum account size of \$25,000; Genworth minimums start at \$50,000. Program minimums vary by product and manager composition. For each program, APA or the outside investment manager may require the client to deposit additional money or securities

to bring the account value up to the required minimum, close the account or charge the client a maintenance fee if the market value of the account falls below the required minimum. Minimums may change at any time with or without notification to APA or clients. Please refer to the account Manager Documentation, agreements and ADV Brochure for all details of the program.

Types of Clients

IARs of APA generally provide investment advice to individuals, trusts, estates, charitable organizations, corporations, and other business entities, Retirement Plans and pension and profit sharing plans.

Item 5: Portfolio Manager Selection and Evaluation

Performance-Based Fees

In addition to the fees listed above, certain IAR's may suggest programs that include performance-based fee pricing. These programs will comply with SEC Rule 205-3. More detailed information on Rule 205-3 is contained in the APA Brochure/ADV Part II of the manager chosen for this program.

Asset Allocation Modeling and Analysis

Asset allocation analysis provides important input in correctly matching the objectives of the Client with Portfolio Manager(s) whose investment disciplines are suitable for achieving the desired goals. The allocation process:

- Determines optimal asset allocation to strive to achieve the Client's nominal and real rate of return targets while minimizing risk
- Establishes permissible concentration of assets in specific asset classes
- Anticipates Client communicated future spending and contribution rates

Third-Party Manager Due Diligence

APA conducts incoming manager Due Diligence reviews of the TPM's. This review focuses on personnel, any material changes experienced at the TPM, the quality of their investment process, consistency of their performance and any new investment strategies. Based upon APA's evaluation of the manager, APA has authority to deny and or remove a TPM from the program completely if a TPM does not pass or comply with the review process. If a TPM is removed, APA will make every effort to find a comparable replacement TPM.

Risk of Loss

Although we manage your account in a way that we believe is consistent with your specific investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. General economic conditions, current interest rates, the performance of a particular industry or company, and any number of other factors can affect investment performance. You should be prepared to bear the risk of loss. All investments are subject to loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions) and the loss of future earnings.

Investing in equities, whether through stocks, mutual funds or ETF's involves risk which may include:

- Financial Risk—the risk that the companies we recommend to you may perform poorly which will affect the price of your investment.
- Market Risk—Risk that the stock market will decline, decreasing the values of the securities that we have recommended to you.
- Inflation Risk—the risk that the rate of price increases in the economy deteriorates the returns associated with stock.
- Political and Governmental Risk—Risk that the value of your investments may change with the introduction of new laws or regulations.

Investing in bonds and debt instruments also involves the assumption of risks, including:

- Interest Rate Risk—the risk that the value of the bond investments we recommend to you will fall if interest rates increase.
- Call Risk—Risk that your bond investments will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.
- Default Risk—the risk that the bond issuer may not be able to pay you the contractual interest or principal on the bond in a timely manner or at all.
- Inflation Risk—the risk that the rate of price increases in the economy deteriorates the returns associated with the bond.

Investing in alternative investments, such as private placements or real estate, involve specific risks that may be greater than those associated with traditional investments, including:

- Alternatives may have limited liquidity due to lock up periods and lack of markets.
- Many alternatives have high cost of entry, requiring hefty minimum purchases.
- Such products employ potentially speculative investment strategies.
- Changes in tax laws may impact the performance.
- Many alternatives have different regulatory and reporting requirements.

It should be noted that APA allows these positions to be held in an advisory account but not billed an advisory fee. The client reports may be inaccurate because the values of the positions are generally not priced on a regular basis which may create false performance reporting accounting.

Proxy Voting Policy and Procedures

Clients participating in MC authorize the various investment managers to vote directly for securities held in the client's account with such manager. Clients participating in the AC program are responsible to do their own proxy voting. Proxies for mutual fund shares held in client accounts are sent to clients or voted as the client directs in writing. APA does not participate in Proxy Voting for any clients in any program offered.

Investment Strategy Development

Critical to the success of any investment plan is a sharply focused, well-defined strategy that accounts for the client's risk tolerances, expected rate of return targets and liquidity needs. APA uses an Investment Strategy Questionnaire in some programs to assist in developing and recommending an investment strategy for each client. Based on the information provided by the client in the questionnaire, APA will:

- Gain an understanding of the financial circumstances and objectives of the client
- Define the client's long-range goals, constraints, risk tolerance levels and time horizons
- Assess growth rates and future contributions needed to achieve objectives, liquidity needs and spending levels
- Identify asset classes best suited to try to maximize returns and minimize risk
- Develop a written investment strategy (as mandated by ERISA) or an investment policy that incorporates any security or restriction the client may wish to impose

Alternative Investments

Where deemed appropriate, suitable and based on the client's objectives, assets, risk tolerance and investment experience, as well as to obtain greater asset and style diversification, APA may recommend to clients participating in the AC and/or MC programs that a portion of the client's portfolio be invested in one or more alternative investment. APA allows the use of specifically approved alternative investment choices that may be registered or non-registered. These products must be approved by our affiliate B/D, American Portfolios Financial Services, Inc., to be held in an advisory account. APA will permit Non-Registered Regulation D offerings in managed accounts,



however they cannot be billed advisory fee. Positions such as these are up to the discretion of APA to approve or deny their place in a managed account or be a part of any APA program.

Item 6: Client Information Provided to Portfolios Managers

APA will provide each portfolio manager and or sub-manager information regarding the client's investment objectives, account holdings to be managed, and other information as may be reasonably necessary for the portfolio manager and or sub-manager to make a decision as to whether or not to accept the engagement. After the portfolio manager and or sub-manager is engaged, APA will, on an on-going basis, provide the portfolio manager and or sub-manager with information provided by the client regarding the portfolio, changes or modifications to the client's investment objectives, and any specific investment restrictions relating to the portfolio imposed by the Client.

Item 7: Additional Information

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that might be material to the client's evaluation of APA' or the integrity of APA's management. There are no administrative, civil or criminal actions pending against APA or any of its management personnel.

Education and Business Standards

APA maintains no rigid educational or business background requirements for its employees, but professional personnel generally have a minimum of a college degree or equivalent business experience. All associated persons providing investment advice are required to pass a securities examination.

The IARs responsible for providing investment advice to clients in the Wrap program must have successfully passed FINRA Series 65 or 66. FINRA grants exceptions to this rule if an IAR has a professional designation of Certified Financial Planner (CFP), Chartered Financial Consultant (ChFC), PFS, CFA or CIC.

Biographical backgrounds of APA's officers are set forth below. These backgrounds are representative of the general standards of education or business experience which APA requires of those involved in running its management functions. The individuals listed below have a collective average of more than 20 years experience in the investment business.

Thomas J. LoManto, Chief Compliance Officer of APA

Education: Commack High School

Business Background

CCO American Portfolios Advisors, Inc.

Registered Representative, APFS

Registered Representative, Nathan & Lewis Securities, Inc.

Registered Representative, MFI Investments

2/09 – Present

9/01 – Present

5/96 – 9/01

4/92 – 5/96

Lon T. Dolber, Chairman of American Portfolios Advisors, Inc.

Education: Half Hollow Hills

Business Background

Chairman of American Portfolios Advisors, Inc.

1972

1/1/2015 to Present



President of American Portfolios Advisors, Inc.	12/12 – 12/2014
CIO & CEO, American Portfolios Financial Services, Inc.	4/02 – Present
President and Chief Executive Officer, AP Holdings, Inc.	4/02 – Present
Registered Principal, Nathan & Lewis Securities, Inc.	5/96 – 4/02
Registered Principal, MFI Investments	4/92 – 5/96

Dean Bruno, APFS COO

Education: State University of NY at Stony Brook

Business Background

COO, American Portfolios Financial Services	1/02 – Present
Insurance Coordinator, Merrill Lynch	8/99 – 12/01

Frank A. Tauches, Jr., APH Executive Vice President and General Counsel

Education: Bachelor of Arts from Fordham University

Juris Doctor Degree from St. John's University School of Law

Business Background

Executive Vice President, American Portfolios Holdings, Inc	2008 – Present
General Counsel, American Portfolios Holdings, Inc.	2008 – Present
Board of Directors, American Portfolios Holdings, Inc.	2003 – Present
President, American Portfolios Financial Services, Inc.	2006 – 2008
General Counsel, American Portfolios Financial Services	2003 – Present
Founder, Independent Financial Securities	1987
Attorney and Branch Manager, Merrill Lynch & Co.	1976 – 1986
Enforcement Attorney with NYSE	1974 – 1984

Gary B. Gordon, President of Advisory Services

Education: Bachelor of Science, Government & Politics

Business Background

President of APA	1/ 2015 - Present
Executive Vice President, American Portfolios Advisors, Inc	2011 – 2014
Corporate Vice President, New York Life	2009 – 2010
Vice President of Business Development, AXA Advisors	2000 – 2008
Director, Fee-Based Sales Support and Marketing	1996 – 2000
Investment Professional, PaineWebber	1993 – 1996

Participation or Interest in Client Transactions

APFS generally will not act in the capacity of a principal in executing trades for advisory clients. However, on occasion, APFS may act as principal for a particular trade and in those cases will make appropriate disclosure and obtain client consent prior to the completion of each transaction as required by applicable law and regulations including, without limitation, Section 206(3) of the Investment Advisers Act of 1940.

APFS also executes transactions as a broker in connection with Advisor's Choice, a Wrap Fee program. This may give rise to potential conflicts of interest and restrictions relating to transactions executed on behalf of clients in these accounts.

Frequently, IARs are in a position of buying or selling the MC security for a number of clients. In an effort to reduce market impact and to obtain best execution, securities may be purchased or sold in bulk (or batched) on the MC Day for the IAR's clients to the extent permitted by applicable law and regulations. In such cases, the transactions, as well as the expenses incurred in the transactions, will be allocated according to a policy designed to ensure that such allocation is equitable and consistent with APA's fiduciary duty to its clients. Pursuant to this policy, aggregated orders are averaged as to price and, except in the case of small orders, are allocated pro rata as to amount according to each account's daily purchase or sale orders.

Other Financial Industry Activities and Affiliations

Certain agents of APFS who are separately registered as investment advisors (or who are advisory representatives of separately registered investment advisors) may provide investment advice to clients through programs described on their individual disclosure documents. APFS may execute trades on behalf of client's accounts in these programs in its capacity as a broker/dealer. Client account agreements will set forth whether APA or a third-party manager is providing the investment advice to clients.

Registered representatives may also represent one or more general life insurance agencies. Such representatives may recommend the purchase of insurance products to their clients and may receive commissions in connection with such purchases. Independent contractors, who are not agents of APFS, may also sell life insurance. Certain APFS/APA representatives may also be employed as independent insurance brokers and sell fixed insurance products through their own agencies.

Brokerage Practices

Pershing makes available to APA products and services that benefit APA but may not benefit its clients' accounts. Some of these other products and services assist APA in managing and administering clients' accounts. These may include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); provide research, pricing information and other market data; facilitate payment of APA fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of APA's accounts, including accounts not maintained at Pershing.

Examples of other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, it may make available, arrange and/or pay for these types of services rendered to APA by independent third parties, or may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to APA.

The foregoing arrangement with Pershing poses a conflict of interest to the extent it creates an incentive for APA to suggest that clients maintain their assets in accounts at Pershing on the basis of products and services that may become available to APA as a result, rather than solely on the basis of the nature, cost or quality of custody and brokerage services provided by Pershing to clients. However, APA is constrained by fiduciary principles to act in its clients' best interests and will suggest Pershing to clients only when it is appropriate to do so. In addition, APA maintains an awareness of the services provided to clients by Pershing in an effort to ensure that clients are well served.

IARs may suggest broker/dealer services to clients. Factors for such recommendation would be when transaction compensation is seen as a benefit to the client. For broker/dealer services, APA or its associated persons may receive compensation for such transactions, where such compensation is separate and distinct from APA's compensation related to its investment advisory services.

Certain APA personnel and IARs are also registered representatives of APFS, a registered broker/dealer. In that capacity, they may be paid commissions, brokerage fees, 12b-1 fees or other fees and payments for their brokerage clients, which may include clients who are also clients of APA. These arrangements pose a conflict of interest for those individuals to the extent they have a financial incentive to recommend such sales or other transactions to the client. In addition, those APA personnel and IARs receive, in their capacity as registered representatives, 12b-1 fees paid out by mutual funds in which pension plan assets are invested. This poses a conflict of interest to the extent those personnel have a financial incentive to recommend as investment alternatives to be offered under the plan, funds that pay out 12b-1 fees. To address this, in those pension plans where 12b-1 fees are paid out to APA personnel as registered representatives, any fees owing to APA for pension consulting services will be waived or offset on a dollar-for-dollar basis to the extent of the 12b-1 fees paid.

Additionally, Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD

Ameritrade”), an unaffiliated SEC-registered broker/dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade executions, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program.

As disclosed above, Advisor participates in TD Ameritrade’s institutional customer program and Advisor may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Advisor’s participation in the program and the investment advice it gives to its clients, although Advisors receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at discount): receipt of duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk Advisor participants; access to block trading (which provides the ability to aggregate securities for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor’s related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its client’s accounts. These products or services may assist Advisor in managing and administering client accounts, included accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interest of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor’s choice of TD Ameritrade for custody and brokerage services.

Advisor also receives from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Bloomberg, Morningstar and Advisor Software, Inc.

TD Ameritrade provides the Additional Services in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

Advisor’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor’s client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Advisor’s receipt of Additional Services does not diminish its duty to act in the best interest of its clients, including seeking best execution of trades for client accounts.

Code of Ethics

APFS and APA have procedures dealing with insider trading, employee-related accounts, front running and other issues that may present potential conflicts when such purchases, sales or recommendations are made. In general, these policies and procedures are intended to eliminate, to the extent possible, the adverse effect of any such potential conflicts of interest.

APA has established the following restrictions in order to ensure its fiduciary responsibilities:

1. APA emphasizes the unrestricted right of the client to specify investment objectives, guidelines and/or conditions on the overall management of their account.
2. Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry.
3. No associated person of APA shall prefer his or her own interest to that of the advisory client. Investment opportunities must be offered first to clients before APA or associated persons may participate in such transactions.
4. APA and its associated persons generally may not purchase or sell securities being considered for, or held by, client accounts.
5. APA requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
6. Records will be maintained of all securities bought or sold by APA, associated persons of APA and related entities. A qualified representative of APA will review these records on a regular basis.
7. Any individual not in observance of the above may be subject to termination.

This investment policy has been established recognizing that some securities being considered for purchase and/or sale on behalf of APA's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with APA's records in the manner set forth above.

The foregoing does not apply to certain types of securities, such as obligations of the U.S. Government, and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by advisory representatives are not likely to have an impact on the prices of the fund shares in which clients invest.

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

Related Persons Invested in MC Securities as Clients

APA or its IARs may recommend to clients or effect transactions for client accounts in securities in which a director, officer or employee of APA, or an IAR, may also be invested. This poses a conflict of interest to the extent that transactions in such securities on behalf of APA clients may advantage such related persons. However, APA and its IARs are constrained by fiduciary principles to act in their clients' best interests when managing their accounts. APA monitors activity in client accounts in an effort to ensure that transactions are appropriate and any such conflicts are resolved in a manner that is fair and equitable to the clients.

Review of Accounts

For each month in which there is activity in an account, or if there is no activity on a quarterly basis, clients will receive a statement from the custodian which provides the current market value of the combined holdings as a quarter-end, a summary of transactions, capital gains/losses and distributions. Clients also receive a confirmation after each transaction executed in their account either by hard mailed copy or electronic statement.

Quarterly Performance Reporting (QPR) and Monitoring

As stated in the preceding sections, each client may receive a Quarterly Performance Report (QPR) detailing the performance of their account. At least annually, each client will receive an annual QPR along with an annual review performed by the IAR for each account. At a minimum, the report will include the beginning quarterly balance, the ending quarterly balance, all transactions during the quarter, all of the portfolio's holdings, allocation of the portfolio



and the quarterly performance. This report format applies to both types of Wrap programs and can be mailed hard copy or sent to clients electronically.

Solicitor

APA may pay a portion of its Wrap Fee to a solicitor/finder ("Solicitor") for services provided in introducing the client to APA and its IAR and for taking part in APA's MC and AC programs. The fee paid to the Solicitor will come out of the Wrap Fee agreed to by the client. A portion of the IAR's fee may be shared with Solicitors who act as liaisons between APA and the client. The Solicitor's fee will not be an additional fee paid by the client.

Since the compensation paid to a Solicitor may be more than what the Solicitor would receive if the client participated in other programs or paid separately for investment advice, brokerage and other services, the Solicitor may have a financial incentive to recommend APA's Wrap programs over other programs or services. The client will be asked to sign a disclosure document that will provide specific information about the relationship between the Solicitor, APA and the IAR. All Solicitor agreements are executed by the interested parties that refer business to APA. These solicitors are compensated as a part of the advisors' fees. APA has a process of back ground checks and approval of qualified persons. When an account is opened where a solicitor is involved the client will sign a document of disclosure.

Other Business Activities

The principal executive offices of APA are also the principal executive offices of APFS, full service general securities broker/dealer registered with the SEC, FINRA and various regulatory bodies. As a broker/dealer, APFS provides a variety of services and renders advice as to the value and/or advisability of purchasing securities, without receiving special compensation and solely incidental to the conduct of its business as a broker/dealer. The principal business of APFS' executive officers is the day-to-day management of the broker/dealer.

Custody

For Advisors Choice program, APA currently utilizes Pershing, Schwab Institutional and TD Ameritrade Investor Services, Inc. as custodians.

For the Managers Choice program, all transactions and client accounts are effected solely through the TPM and its custodial partner.

This Space Intentionally Left Blank



NAF#: _____

THIRD-PARTY MANAGER ADV PART II CLIENT ACKNOWLEDGEMENT AND RECEIPT

I/We acknowledge that I/we have received the ADV Part II document delivered by my advisor from American Portfolios Advisors, Inc.'s IAR for the Third Party Manager I/we have chosen to manage my/our account(s).

I/ We acknowledge that I/we have received the ADV Part II, including the Schedule H Wrap Brochure and ADV Part II B Advisor Resume, from American Portfolios Advisors, Inc. and understand all aspects of these documents.

I/We understand that it is my/our responsibility to read the document thoroughly and to understand the material contained within prior to investing.

Client Print Name

Client Signature

Client Title

Date

Client Print Name

Client Signature

Client Title

Date

IAR Print Name

IAR Signature

Date