



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

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3:36 PM

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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.

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

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

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Item 3: Material Changes

There have been no material changes to APA's brochure since the last annual update; however, since then we have streamlined the disclosure in our brochure in an attempt to make it more user friendly.

Date of last annual update was March 2015.

Item 4: Advisory Business

Description of Advisory Firm

American Portfolio Advisors, Inc. ("APA" or the "Firm") is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). APA 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"). The principal owner of APA 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 manages between \$950 million and \$1 billion in the Advisor's Choice programs. Approximately 85% of the assets are managed on a discretionary basis. 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, ETFs, 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 their approval for discretion within the appropriate application or agreement. Clients may restrict or prohibit purchases of certain securities or certain types of securities for their accounts. 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 (an APA-sponsored wrap fee program which uses third-party managers) programs that a portion of the client's portfolio be invested in one or more alternative investments. Alternative investment choices used are registered or non-registered Regulation D offerings if the product has been approved by APA's broker/dealer affiliate, American Portfolios Financial Services, Inc. ("APFS"). APA offers and is the sponsor of three distinct fee programs in Advisor's Choice:
 - a. **Advisor's Choice One Fee**—One Fee is an investment program in which the client pays a fee to obtain brokerage and asset allocation analysis for assets under management, as well as monitoring, portfolio supervision and consolidated reporting. The advisor pays the transaction charges executed in this program and any additional custodial fees/charges.
 - b. **Advisor's Choice Plus**—Advisor's Choice Plus is an investment program in which the client pays a fee to obtain brokerage and asset allocation analysis for assets under management, as well as monitoring, portfolio supervision and consolidated reporting. The client pays for transaction charges executed in this program and any additional custodial fees/charges.
 - c. **Advisor's Choice One Fee II**—One Fee II is an investment program in which the client pays a fee for assets under management, all transaction and all additional custodial changes.
2. **Third-Party Asset Managers**—Under the Third-Party Asset Managers program (TPAM), the Advisor helps clients complete a Portfolio Advisory Services Questionnaire, develop a basic plan to allocate their assets, and select one or more outside investment managers to manage designated assets. APA's supervisory function is limited to determining and monitoring suitability of the client, as described in the client agreement. 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 at the request of Advisor(s) and approved by APA's Product Review Committee after a due diligence review. In these cases, APA acts as a solicitor for the third-party manager and is paid a solicitor fee out of the wrap fee the third-party manager charges the client.

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, ETFs, individual bonds and equities. After determining that a particular vehicle is suitable, Advisors may facilitate investment in such vehicle.

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 manager may be found in the Third-Party Asset Manager's Brochure.

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 Advisors and clients. Currently, there are two programs available for consideration:

- a. **Strategist Portfolios Program**—APA completes the due diligence of third-party managers that perform comprehensive asset allocation management and APA's Product Review Committee votes on whether the managers are included in the Strategist Portfolios Program. The Advisors will help the client select managers and allocations based on the completion of a risk tolerance questionnaire. In this program APA has discretion and places trades per the instructions from the Strategist.
- b. **APA-Sponsored Portfolios Program (including The Strategist program)** — APA completes the due diligence of third-party managers then 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, LLC's account systems and the money managers will use Pershing's Block Trading and Rebalancing Tool to structure and trade these accounts. An example is the APA-sponsored program where ICON Advisors, Inc. supplies asset allocation mutual fund and ETF models for the APA Advisor to present to clients. Clients choose an appropriate model with or without restrictions. Pershing will custody these assets/accounts and provide the client statements on a monthly or quarterly basis. Discretionary trading authority will be granted by the client to the money managers. The APA Advisor will establish the account and ICON Advisors, Inc. (FOR EXAMPLE), will update APA of model changes in the portfolios. The Advisor is responsible for monitoring the model for continued suitability and performance. Please refer to MANAGERS Brochure for details on the ICON Advisors, Inc. program. Other Pershing-custodied and APA-sponsored programs are LIS—Lockwood Investment Strategies; LAAP—Lockwood Asset Allocation Program; AFP—Advisor Flex Program; and Managers Choice... Program details can be found in the APA Wrap Fee Brochure and the Lockwood Brochure.

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. 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, unless indicated otherwise, are "one-time plans" and are not updated 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 upon 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 pursuant to a Service Agreement that will define the relationship. 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.
- c. **Advisory Seminars**—Through APA's Advisors, seminars can be conducted for various audiences. 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

General rules for types of securities in accounts:

. APA prohibits the use of leverage in advisory accounts. However, inverse securities positions may be held in advisory accounts.

. APA prohibits margin and penny stocks in advisory accounts, unless APA's Compliance department grants an exception.

Item 5: Fees and Compensation

1. **Advisor's Choice Programs**—all fees are deducted from the client's account in advance either monthly or quarterly. APA advisory fees charged to clients can be changed with 30 days' written notification to clients by its Advisors or APA. All fees are negotiable. Under the Advisor's Choice programs, except for JPL accounts, an administration fee based on the account's value each billing period is added to the advisory fee to calculate the total client fee. See the fee table below for more details.
 - a. **Advisor's Choice One Fee (0A1)**—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 from the account. In this program, the Advisor pays for transaction charges.
 - b. **Advisor's Choice Plus (0BL)** —Clients are charged a fee for assets under management. The client also agrees to pay transaction charges and costs assessed by the custodian from the account. The maximum fee charged for this program is 2.75%.
 - c. **Advisor's Choice One Fee II (JLP)** —Client fee starting at 25 Basis Points (bps). Fee based upon assets in the account 25 bps up to \$25,000 – 20 bps up to \$100,000 – 12 bps up to \$500,000 – 10 bps up to \$1,000,000 – 5bps over 1 million dollars See chart below). From time to time there may be additional charges/fees assessed by the custodian that the client will pay from the account. Transaction charges for the buys and sells of mutual funds, individual securities (equities and fixed income), certain options and UITs are included in One Fee II pricing.
 - d. **Administration Fee**—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 Advisor and agreed to by the client. The administration fee schedule on an annual basis is as follows:

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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—for 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 under the account minimum of \$25,000 will be charged the greatest of 25 bps or \$40 per year.

- e. **General**—Under the Advisor's 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 or account with APFS, 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 will be compensated for those transactions and shares in other custodial charges as it provides services to the client. This creates a conflict of interest because APA recommends the services of APFS to clients. The Advisor of APA 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 or other income earned by APFS. 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 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.

The approved APA custodians will determine the amount of transaction charges to be paid for each transaction or service, including custodial fees, provided. Some custodians offer lower charges, at their discretion, than others. As a result, depending on the client's custodian, the client may pay higher charges for certain transactions than clients with another custodian pay for the same transactions. This disparity in charges from one Broker Dealer to the other creates a conflict of interest because APA's IAR is recommending certain custodians over others that may have lower costs/fees/charges to their clients.

From time to time, when a new Advisor transitions 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 will not 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.

For alternative investments purchased and held in the account, a commission may be paid to the Advisor; however, such investments will not be included in assets under management for purposes of calculating the advisory fee and billing.

Inverse securities are allowed for use in accounts and penny stocks can held in an account.

No-load variable annuities can be purchased by Advisors for clients or the client and Advisor may employ the services of a Third-Party Manager for the no-load variable annuity product by having a client sign a Variable Annuity Management Contract; a fee can be charged by the Advisor and/or the Third-Party Manager to manage the sub-accounts. After a 36-month waiting period from when the Advisor or Third-Party Manager collected a commission for the sale of the variable annuity, the

Advisor can then charge a fee to manage the sub-accounts. Alternatively, if a third party collected a commission on the sale of the variable annuity, a client may sign a Variable Annuity Management Contract with an Advisor to manage the sub-account for a fee.

2. **TPAM**—Advisors may receive an advisory fee or solicitation fee for such services from the third-party manager pursuant to an agreement between APA and the third-party manager, and the third-party manager will also receive a fee for management services provided. 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 Advisor 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 APA. 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 Advisor/APA management fee.
3. **Advisor's Solutions**—both programs deduct all fees from the client's account in advance either monthly or quarterly. In these programs the fees will vary and the individual managers set the account minimums. As sponsors of the program, APA does share in the revenue generated by the management of these assets.
 - a. **Strategist Portfolios Program**—the managers in this program have fees ranging from 0 to 100 basis points, plus a consulting fee for which APA will be added to the manager's fee.
 - b. **APA-Sponsored Strategist Portfolios Program**—The fee may or may not include custody, clearing and execution for trades in the account(s) depending on the program chosen and includes an additional add-on fee for the APA Advisor. Fees will range from 2% to 3% on an annual basis debited monthly or quarterly in advance. Value for billing will be determined by the account value on the last day of the preceding quarter.
4. **Financial Planning, Consultation and Advisory Seminars**
 - a. **Financial Planning**—fixed and/or hourly charges of \$90 to \$900 or a flat fee of \$300 to \$50,000 are charged in advance for this service and are negotiable. These fees may be waived in full or in part by the IAR after client chooses to implement all of or part of the financial plan.
 - b. **Consultations**—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. A flat fee from \$300 to \$50,000 can be charged for this service and is negotiable. 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 by the client and the APA Advisor and paid at time of signing the agreement.
 - c. **Advisory Seminars**—a fee for the seminar can be charged at the discretion of the IAR.

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

Certain clients may pay Advisors of APA a performance-based management fee through TPAMs only. This fee is charged to the client per the agreement with the third-party manager based upon the annual performance of the portfolio. APA may only accept a performance-based fee if the client meets the standards of a "Qualified Client" under the Investment Advisers Act of 1940. Fees charged under this program may or may not exceed the maximum rate as detailed in the "Fees and Compensation" (Item 5) 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 because of different services provided by a particular Advisor.

Investment advisers face conflicts of interest in recommending accounts that are charged a performance-based fee and accounts that are charged asset-based fees at the same time, because there may be an incentive to favor accounts which pay a performance-based fee, which is typically higher than an asset-based fee. For instance, an investment adviser who has trading authority over both types of accounts may have an incentive to allocate more profitable investments to the performance-based fee accounts to increase the investment adviser's own profits. However, APA believes such conflicts are mitigated since it does not have trading discretion with respect to accounts that are charged performance-based fees. Moreover, clients charged performance-based fees will receive separate disclosure from the TPAMs regarding side-by-side management and performance-based and asset-based fee accounts.

Item 7: 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 other business entities.

Minimum Account Size

The minimum account size for an Advisor's Choice account (which may be waived with prior compliance approval) is \$25,000. The minimum account size for a TPAM account varies by third-party manager according to its brochure and can range from \$25,000 to \$250,000. 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 provided in each client agreement.

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

Advisors utilize various methods of analysis in providing advisory services to clients. The main sources of information used by APA are research materials prepared by others, financial newspapers and magazines, annual reports, prospectuses, filings with the SEC, and company press releases. Advisors may or may not use quantitative analysis (including asset allocation models) as part of their securities analysis methods.

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 however they are permitted by APA.

Although APA manages your account in a way that APA believes 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**—Risk that the companies APA recommends 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 APA has recommended to you.
- **Inflation Risk**—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**—Risk that the value of your bond investments 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**—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**—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.
- APA allows these positions to be held in an advisory account but not billed an advisory fee. Client reports may be inaccurate because the values of the positions are generally not priced on a regular basis.

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.

Item 9: Disciplinary Information

APA and its management personnel do not have any legal or disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Certain Advisors of APFS who are separately registered as investment advisers (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 clients' 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.

Some Advisors may also be licensed as registered representatives of APFS, a broker/dealer. APA and APFS are affiliated companies held by common ownership. Certain Advisors may also represent one or more general life insurance agencies. Such Advisors 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 APFS, an insurance company or APA. 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 APA charges, *and* the additional compensation may present a conflict of interest to recommend products and services based on the amount of compensation that may be received, rather than on your needs. Advisors of APA seek to address this conflict by explaining the costs associated with any recommendations they make.

APA recommends or selects third-party managers for its clients and APA receives compensation as a percentage of the overall advisory fee that is set by APA. APA is compensated to monitor the investments and performance of the third-party managers and the third-party managers are compensated to execute and trade the assets within the account. APA does not believe these arrangements present a material conflict of interest for APA since the total advisory fee is consistent with APA's advisory fee schedule.

APA's Advisors may act as solicitors for third-party managers, pursuant to which they receive compensation from such managers for recommending advisory clients to them.

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

APA has a code of ethics and procedures dealing with insider trading, employee-related accounts, front running and other issues that may present potential conflicts when employees engage in personal trading. 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 policies 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. 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. None of APA, its associated persons and their immediate family shall prefer their 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 are maintained of all securities bought or sold by APA, associated persons of APA and related entities. A qualified representative of APA's affiliate, the broker/dealer APFS, reviews these records on a regular basis.
- f. 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 Advisors 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.

The restrictions above do not apply to certain types of securities, such as obligations of the U.S. Government and shares in open-end mutual funds.

Clients may obtain a copy of APA's code of ethics from APA upon request.

Item 12: Brokerage Practices

As discussed under Item 5 above, clients establish brokerage accounts through APFS or one of APA's chosen custodians, which include Pershing LLC, Schwab Institutional or TD Ameritrade Investor Services, Inc. APA recommends custodians based on execution capabilities, availability of securities to be purchased, financial strength, responsibility and responsiveness to the client. Not all investment advisers require clients to direct brokerage to a particular firm.

The independent and unaffiliated custodians APA recommends offer programs to independent investment advisers pursuant to which they provide custody of securities, trade execution, clearance and settlement of transactions to the clients of such advisers, such as APA. Concessions provided to APA are not shared by APA with its Advisors. APA participates in the TD Intuition program. TD Ameritrade Intuition is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent (and unaffiliated) SEC-Registered registered broker dealer. TD Ameritrade offers independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. APA receives some benefits from TD Ameritrade through its participation in the program. (Please see disclosure under Item 14 below.)

While APFS and APA prohibit agency cross transactions on equities, they 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 they generally attempt to limit such activities.



APFS and its associated persons may recommend to clients the purchase or sale of investment products through Pershing, APFS's clearing broker/dealer. APFS may receive certain compensation from Pershing based upon brokerage accounts, which 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.

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.

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 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 does receive such fees or other compensation to the extent permitted by applicable law. Advisors of APA may or may not receive these 12b-1 fees paid to APFS. APFS, at its discretion, may retain these fees to offset distribution costs or may pay these fees to Advisors of APA if the Advisor establishes an account for a client which invests in a trust or fund that pays 12b-1 fees. When an IAR assesses the fee to the client will pay the IAR will take into account that they will receive 12b 1 fees as additional compensation. The Advisor will disclose to the client that the Advisor receives 12b-1 fees as a result of some or all of the funds/trusts in which the client is invested paying such fees, and 12b-1 fee and other fee arrangements are described in the applicable fund's or trust's prospectus. Because of these compensation arrangements, a conflict of interest exists in connection with the recommendation of mutual funds for a client's account that results in the payment of higher fees to APFS. However, APA is subject to a fiduciary duty that requires it to act solely in the best interest of a client when making investment recommendations and ultimately considers the receipt of 12b 1 fees to determine the final fee charged to the client.

As a result of an Advisor selecting certain mutual funds, including money market funds, in which clients are invested, APFS may also receive a portion of other custodial concessions including, but not limited to, 12b-1 fees and fees based on client money market fund balances and other custodial fees/commissions. These fees and commissions are used to continue to service the client as their Broker Dealer.

When an error occurs while trading a client account, APA and its Advisors have error account(s) to process these error transactions. If there is a credit owed the client after the correction is processed, APA refunds the client the amount owed. If there is a surplus after the correction, APA or the Advisor keeps that surplus.

Item 13: 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 a 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. In these cases, trade surveillance is monitored on at least a weekly basis by an APFS supervising principal and other APFS departments that have access to commissions/fees paid, as well as by the operations area of APFS.

For each month in which there is activity in an account, clients receive a summary of transactions. If there is no activity in an account, clients will receive a brokerage statement on a quarterly basis which provides the current market value of the combined holdings as of quarter-end. Clients also receive a confirmation after each transaction

executed in their account by the custodian. These confirmations may be distributed in hard copy form or by electronic notification or be available on the custodian's on-line system for client review.

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

Item 14: Client Referrals and Other Compensation

Custodial Relationships

As discussed above under Item 12, APA recommends independent and unaffiliated custodians to its clients who provide custody of securities, trade execution, clearance and settlement of transactions, and reporting to APA's clients. These custodians currently include Pershing LLC, TD Ameritrade Investors Services, Inc. (TD) and Schwab Institutional.

APA receives compensation pursuant to these agreements. This compensation is typically negotiated between APA and TD 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 as described in Item 12 above, 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. 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 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 and Bloomberg terminal, used to monitor and analyze real time financial market data movements, has price quotes, news and many more market-related functions. 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.

APA receives from some or all of its recommended custodians without cost (or at a discount) support services and/or products, certain of which assist APA to better monitor and service client accounts. Some or all of these services may be provided pursuant to a written agreement between APA and a custodian. The recommended custodians may provide APA investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by APA in furtherance of its investment advisory business operations.

APA also receives from some or all of its recommended custodians certain additional economic benefits that may or may not be offered to any other independent investment advisers participating in the custodian's program. In addition, the Firm may receive, through its participation in the custodial programs, discounts on compliance, marketing, technology and practice management. TD Ameritrade provides to APA in its sole discretion and 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") to govern the terms of the provision of Additional Services.

Certain of the support services and/or products that APA may receive from its recommended custodians may assist APA in managing and administering client accounts, including client accounts not maintained with the custodian providing the service. APA may use these services and other support in servicing any or all of its clients to different degrees and levels. APA receives substantial benefit from its recommended custodians since the support they provide relieves APA from having to maintain its own computer software and other back-office and recordkeeping systems.

Clients should be aware, however, that the receipt of economic benefits by APA from its recommended custodians in and of itself creates a potential conflict of interest and may indirectly influence APA's recommendation of a particular custodian for custody and brokerage services, particularly if the custodian requires a minimum amount of client assets to be included with it in order to provide services to APA or if the custodian considers the amount and profitability to it of the assets in, and trades placed for, APA's client accounts maintained with it in determining whether to provide certain additional services to APA. 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.

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) of the Securities Exchange Act of 1934, 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.

Pershing

Advisors may recommend loan programs (fully paid securities lending or loan advances) to clients through Pershing. Advisors that recommend these programs and both APA and APFs are compensated for their referral to Pershing, which is disclosed in the client agreement. Fully paid securities lending enables the client to lend their fully paid securities in their APA-managed accounts to Pershing in exchange for additional income. Pershing uses 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. Clients may 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 their APA-managed account as collateral.

APA is the sponsor for the Managed Account Command program through Pershing Investments and Lockwood Advisors, an affiliate of Pershing, is the portfolio manager. Lockwood creates its own models for each of the offered programs from proprietary research and makes them available to APA through the Manager's Choice Program sponsored by APA. APA receives compensation from the client by establishing an agreement with the client and a chosen third-party manager who has discretion to manage the client's account. APA negotiates the management fee with the third-party manager prior to approving that manager on the Manager's Choice Program. The client pays an inclusive "wrap fee" based upon the asset value of the account billed quarterly in advance. The Manager's Choice Program is described in APA's Wrap Fee Brochure, which is available upon request.

Solicitors

APA may pay fees to financial intermediaries, advisers, planners, accountants 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 Investment Advisers Act of 1940. The terms of these agreements generally provide for compensation to the solicitor equal to a specified percentage of the fees received by APA for clients referred, or for fixed compensation.

General

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 are not limited to, expenses paid for due diligence trips, conferences, and seminars for Advisors and clients.

Item 15: 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 Asset Managers programs. APA is deemed to have custody of your assets when you authorize APA to debit fees from your account. However, APA does not maintain physical custody of your assets. As previously noted, you will receive statements from your account custodian on at least a quarterly basis. You should carefully review these statements.

Item 16: The Use of Investment Discretion

Advisors may utilize discretion in the Advisor's Choice program. The Advisor may utilize limited discretion for trading purposes only. Pursuant to this discretionary authority, the Advisor may determine which securities to buy or sell for the account and the total amount of the purchases and sales. Clients may place limits on this authority, including restricting or prohibiting purchases of certain types of securities. In order to grant this discretionary authority, clients must sign the appropriate application or agreement.

Clients in TPAM will grant third-party managers authority to purchase and sell assets on their behalf as set forth in their account agreement with that investment manager.

Item 17: Voting Client Securities

Neither APA nor its Advisors have authority to vote proxies on behalf of their clients and do not advise clients regarding how they should vote. The custodian forwards proxies to clients. Third-party managers may vote proxies as disclosed in their brochures.

Item 18: Financial Information

This item is not applicable to APA.

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

March 30, 2016
3:36 PM

Mailing Address:
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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.

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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 March 30, 2016, 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.

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 Solutions (APA-Sponsored Program – PK 7 and PK)

The Advisor's Solutions 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 with the assistance of a money manager. The minimum amount to open these accounts is generally \$25,000.

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 Manager(s) who have been approved to work in APA's Advisors Solutions 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. Managers 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 Manager, but the IAR will recommend the replacement of a Manager 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 Manager, a change in the Manager's personnel, and/or under performance as compared to applicable benchmark indices and peer managers with comparable investment styles. The Manager's that have been approved for use in the Advisors Solutions program are directly accessible to our IARs through the coordination of our home office.

Some of the Managers on the Advisor Solutions program are (but not all):

- . Advisors Capital Management
- . Clark Capital
- . Congress Asset Management
- . Hilton Capital
- . Sandhill Investment Management

Fees can be debited in advance or in arrears, but will be defined in the APA's Brochure/ADV Part II. Fees are generally calculated on the amount of assets on the last day of the quarter.

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 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 Managers that APA has agreements with; not all available TAMP's are listed:

- Brinker Capital
- Asset Mark
- ICON
- 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 administrating 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, there 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.

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). 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.

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 Manager's Choice (MC) and Advisors Solutions programs, 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 Managers Brochure 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 which may present a conflict of interest as APFS will be compensated for the transactions they implement for APA or their affiliates and may also share in certain fees charged to clients such as postage and handling, miscellaneous fees to name a few from the custodian. APA may pay fees to financial intermediaries, advisors, planners and individuals through a solicitor agreement 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 which creates a conflict of interest. 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 create a conflict of interest because the IAR has 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%
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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, that can be waived, is \$25,000. The minimum account size for Managers Choice (MC) and Advisors Solutions is \$25,000, but it may vary at the sole discretion of APA with some manager's minimums starting at \$25,000. Brinker Capital, Advisors Capital Management, Hanlon, ICON, and SEI, as part of have programs starting at a minimum account size of \$25,000; Asset mark 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 Brochure and agreement for all details of the program(s).

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 and the Brochure of the manager chosen.

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 any APA 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 MC or Advisor Solutions 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 – at any time. 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

Sr. Vice President and CCO American Portfolios Advisors, Inc.

2/09 – Present

Registered Representative, APFS

9/01 – Present

Registered Representative, Nathan & Lewis Securities, Inc.

5/96 – 9/01

Registered Representative, MFI Investments

4/92 – 5/96

Lon T. Dolber, Vice President of American Portfolios Advisors, Inc.

Education: Half Hollow Hills

1972

Business Background



Vice President of American Portfolios Advisors, Inc.,	01/2015 - Present
President of American Portfolios Advisors, Inc.	12/12 – 01/2015
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	1985
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Business Background

President American Portfolios Advisors, Inc.	01/2015 - Present
Executive Vice President, American Portfolios Advisors, Inc.	2011 – 2015
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. APFS will share in many fees or commissions charged to the client by the custodian as part of its duty as a Broker Dealer for these client accounts which creates the conflict of interest.

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 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 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, APA 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.

APA 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 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, with price quotes, news and many more market-related functions.

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.

Performance Reporting (QPR) and Monitoring

As stated in the preceding sections, each client may receive a Performance Report (PR) detailing the performance of their account. At least annually, each client will receive an annual PR 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 all 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.

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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