

**Item 1: Cover Page**



**AEPG Wealth Strategies  
Investment Management Brochure  
March 8, 2018**

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This Brochure provides information about the qualifications and business practices of American Economic Planning Group, Inc., d/b/a AEPG Wealth Strategies ("AEPG"). If you have any questions about the contents of this Brochure, please contact Christopher J. Schiffer at (908) 757-5600 or [cschiffer@aepg.com](mailto:cschiffer@aepg.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about AEPG also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to AEPG as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2: Material Changes

Since the previous annual update dated February 28, 2017, this Brochure has not been materially.

**AEPG's Chief Compliance Officer, Christopher J. Schiffer, remains available to address any questions that a client or prospective client has about this Brochure.**

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## Item 4: Advisory Business

AEPG is a corporation formed on March 21, 1983 in the state of New Jersey. AEPG became registered as an Investment Adviser Firm in May 1998. AEPG is principally owned by Steven W. Kaye, who is AEPG's President.

As discussed below, AEPG offers to individuals, high net worth individuals, charitable organizations, business entities, and insurance companies, etc. investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

AEPG also offers investment advisory and consulting services to pension and profit sharing plans. If you are a sponsor of a retirement plan, a ("Plan Sponsor") client, please contact your AEPG representative to obtain the appropriate AEPG Wealth Strategies Brochure.

### Investment Advisory Services

The client can engage AEPG to provide discretionary and/or non-discretionary investment advisory services on a fee basis. AEPG's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under AEPG's management. Before engaging AEPG to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with AEPG setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

To commence the investment advisory process, an investment adviser representative will first ascertain each client's investment objectives and then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, AEPG provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may rebalances and/or may recommend that clients rebalance accounts as necessary based on such reviews.

### Financial Planning and Consulting Services

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



recommendations and/or services.

#### **Miscellaneous:**

**Limitations of Non-Investment Consulting/Implementation Services.** To the extent requested by the client, AEPG may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither AEPG, nor any of its representatives, serves as an attorney or accountant, and no portion of AEPG's services should be construed as same. To the extent requested by a client, AEPG may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including AEPG's affiliated insurance agency. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from AEPG. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. It remains the client's responsibility to promptly notify AEPG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising AEPG's previous recommendations and/or services.

**Please Note: Conflict of Interest:** The recommendation by AEPG's representative that a client purchase an insurance commission product through AEPG's affiliated insurance agency presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase insurance commission products through AEPG's affiliated insurance agency. Clients are reminded that they may purchase insurance products recommended by AEPG through other, non-affiliated insurance agencies. **AEPG's Chief Compliance Officer, Christopher J. Schiffer, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

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

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

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan ("Plan") organized under the Employee Retirement Income Security Act of 1974 ("ERISA"); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account ("IRA") acting on behalf of



the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then AEPG represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any non-discretionary investment advice provided by AEPG or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Retirement Plan Rollovers-No Obligation/Conflict of Interest:**

A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). AEPG may recommend an investor roll over plan assets to an IRA managed by AEPG. As a result AEPG and its representatives may earn an asset-based fee (Please Note below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to AEPG (unless clients engage AEPG to monitor and/or manage the account while maintained at his/her employer). AEPG has an economic incentive to encourage a client to roll plan assets into an IRA that AEPG will manage or to engage AEPG to monitor and/or manage the account while maintained at the client's employer. There are various factors that AEPG may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus AEPG's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by AEPG or to engage AEPG to monitor and/or manage the account while maintained at the client's employer. Please Note: If AEPG's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is generally not present. **AEPG's Chief Compliance Officer, Christopher J. Schiffer, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

**Use of Mutual Funds and Exchange Traded Funds:**

While AEPG may recommend allocating investment assets to mutual funds and exchange traded funds that are not available directly to the public, AEPG may also recommend that clients allocate investment assets to publically-available mutual funds and exchange traded funds that the client could obtain without engaging AEPG as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds or exchange traded funds without engaging AEPG as an investment adviser, the client or prospective client would not receive the benefit of AEPG's initial and ongoing investment advisory services.

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



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

**Independent Managers.**

AEPG may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. AEPG shall continue to render investment advisory services to the client relative to ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which AEPG shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

**Unaffiliated Private Investment Funds.** AEPG may provide investment advice about unaffiliated private investment funds and may also recommend, on a non-discretionary basis, that certain qualified clients consider an investment in such unaffiliated private investment funds. AEPG's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included for purposes of AEPG calculating its annual investment advisory fee. AEPG's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

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

**Please Also Note: Valuation.** In the event that AEPG references private investment funds owned by the client on any supplemental account reports prepared by AEPG, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price. The client's advisory fee shall be based upon such reflected fund value(s).





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

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

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

AEPG shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, AEPG shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on AEPG's services.

AEPG does not participate in a wrap fee program.

As of January 1, 2018, AEPG had \$664,780,395 in assets under management on a discretionary basis and \$225,981,510 in assets under management on a non-discretionary basis.

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

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

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage AEPG to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis, AEPG's negotiable annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under AEPG's management generally between 0.50% and 1.50% which may be adjusted according to various objective and subjective factors that could include but are not limited to: the representative assigned to the account, the amount of fee clients could pay different fees, which will correspondingly impact a client's net account performance.

AEPG generally requires a minimum monthly fee of \$420. However, at no time will AEPG's effective



investment advisory fee exceed 3% of the value of assets under management. AEPG, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

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

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

## **Financial Planning and Consulting Services**

To the extent specifically requested by a client, AEPG may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. AEPG's planning and consulting fees are negotiable, but generally range from \$5,000 to \$10,000 on a fixed fee basis, and from \$150 to \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

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

## **General Information on Fees and Services**

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

As discussed below, unless the client directs otherwise or an individual client's circumstances require, AEPG shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") or Fidelity Institutional Wealth Services ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income





securities transactions). In addition to AEPG's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

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

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

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

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

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AEPG's clients shall generally include individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, business entities, and insurance companies, etc. While there is generally no minimum account size, AEPG may impose a minimum monthly fee of \$420. However, AEPG, in its sole discretion, may reduce its minimum monthly fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Fees are discussed further in Item 5 above.

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

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### **Investment Strategies:**

The primary investment strategy used for client accounts is strategic asset allocation utilizing an equity core and satellite strategy. This means that in our equity allocations we primarily use passively-managed index and exchange-traded funds as the core investments, and then add specialty sector and actively-managed funds where there are greater opportunities to make a difference. Portfolios are generally globally diversified to control the risk associated with concentration in limited markets.

The investment strategy for a specific Client is developed based on the objectives stated by the



client during consultations to develop an asset allocation where assets are diversified according to each Client's own specified investment goals, financial situation, time horizon and tolerance for risk and other factors. The asset allocation and the level of risk in a Client's portfolio is agreed upon with Clients. Client participation in this process, including full and accurate disclosure of requested information is essential for the analysis of a Client's investment portfolio. AEPG relies on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the information provided. It is the responsibility of the Client to inform AEPG of any changes in the financial condition, goals, or other factors that may affect this analysis.

The performance of investments within Client portfolios are periodically compared against an appropriate index and peer group. Reasonable procedures for reviewing underperforming investments ("watch list") are documented and applied. Portfolios are rebalanced and reasonable procedures are in place and applied. Periodic reviews are also made of qualitative and/or organizational changes of Investment Managers and other service providers.

AEPG may utilize both long-term (strategic) and short-term (tactical) strategies when implementing investment advice given to clients. Other strategies may include trading, short sales and option writing (including covered options, uncovered options or spreading strategies).

Margin Transactions, short sales, and options writing may occur if appropriate and only if approved by the Client.

#### **Methods of Analysis:**

AEPG may utilize the following methods of security analysis:

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

The main sources of information include financial newspapers and magazines, research materials prepared by others, discussions with other professionals, annual reports, prospectuses and company press releases. Other sources of information that AEPG may use include Morningstar Office and Workstation, and other third party research services.

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

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



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

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

Currently, AEPG primarily allocates client investment assets among various fixed income securities, Independent Managers, mutual funds and/or exchange traded funds ("ETFs"), on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

When consistent with a client's investment objective(s), and in addition to the fundamental investment strategies discussed above, AEPG may also employ the use of Inverse/Enhanced Market Strategies, Options Strategies, and Margin Strategies as further described below. Each of these strategies involves a higher level of inherent risk than AEPG's fundamental investment strategies.

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

**Options Strategies.** The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by AEPG shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Please Note: Although the intent of the options-related transactions that may be implemented by AEPG is to hedge against principal risk, certain of the options-related strategies



(i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct AEPG, in writing, not to employ any or all such strategies for his/her/their/its accounts.

For detailed information on the use of options and option strategies, please refer to the Option Clearing Corp.'s Option Disclosure Document, which can be found at:

<http://www.optionsclearing.com/components/docs/riskstoc.pdf>

Hard copies may be ordered by calling 1-888-678-4667 or writing OCC, 1 North Wacker Drive, Suite 500 Chicago, IL 60606.

**Margin Strategies.** Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by AEPG in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to AEPG may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential **conflict of interest** whereby the client's decision to employ margin may correspondingly increase the management fee payable to AEPG. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

**Structured Notes.** The Registrant may purchase structured notes for client accounts. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. In addition, investors may receive long-term capital gains tax treatment if certain underlying conditions are met and the note is held for more than one year. Finally, structured notes may also have liquidity constraints, such that the sale thereof before maturity may be limited.

#### **Risks Associated With Structured Notes**

Structured notes do not pay interest, dividend payments, provide voting rights or guarantee any return of principal at maturity unless specifically provided through products that are designed with this purpose in mind. Most structured note payments are based on the performance of an underlying index (i.e., S&P 500) and if the underlying index were to decline 100% then the payment may result in a loss of a portion or all of a client's principal. Notes are not insured through any governmental agency or program and the return of principal and fulfillment of the terms negotiated by Registrant on behalf of clients is dependent on the financial condition of the third party issuing the note and the issuer's ability to pay its obligations as they become due.



Structured notes purchased for clients will not be listed on any securities exchange. There may be no secondary market for such structured notes, and neither the issuer nor the agent will be required to purchase notes in the secondary market. Some of these structured financial products are callable by the issuer only, therefore the issuer (not the investor) can choose to call in the structured notes and redeem them before maturity. In addition, the maximum potential payment on structured notes will typically be limited to the redemption amount applicable for a payment date, regardless of the appreciation in the underlying index associated with the note. Since the level of the underlying index at various times during the term of the structured notes held by clients could be higher than on the valuation dates and at maturity, clients may receive a lower payment if redeemed early or at maturity than if a client would have invested directly in the underlying index.

While the payment at maturity of any structured notes would be based on the full principal amount of any note sold by the issuer, the original issue price of any structured note purchased for clients includes an agent's commission and the cost of hedging the issuer's obligations under the note. As a result, the price, if any, at which an issuer will be willing to purchase structured notes from clients in a secondary market transaction, if at all, will likely be lower than the original issue price and any sale before the maturity date could result in a substantial loss. Structured notes will not be designed to be short-term trading instruments so clients should be willing to hold any notes to maturity.

## **Item 9: Disciplinary Information**

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AEPG has not been the subject of any disciplinary actions.

## **Item 10: Other Financial Industry Activities and Affiliations**

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

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

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



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

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

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

On May 9, 2014, AEPG acquired the assets and rights to Freedom Divorce Advisors from Freedom Advisors, LLC. AEPG may perform planning services under this name as it transitions the brand to AEPG Divorce Advisors. AEPG may provide financial planning services under the Freedom Divorce Advisors or AEPG Divorce Advisors brand name.

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

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AEPG maintains an investment policy relative to personal securities transactions. This investment policy is part of AEPG's overall Code of Ethics, which serves to establish a standard of business conduct for all of AEPG's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

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

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

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





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

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

## **Item 12: Brokerage Practices**

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AEPG does not maintain custody of your assets that we manage or advise. Your assets are maintained in an account at a "qualified custodian," generally a broker-dealer or bank. However, AEPG may be deemed to have custody under certain circumstances (See Item 15, Custody below).

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

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



at net asset value as determined at the daily market close.

1. Research and Additional Benefits

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

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

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

2. Schwab Advisor Network™

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

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

AEPG generally pays *Schwab* a Non-*Schwab* Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from *Schwab*, unless the client was solely responsible for the decision not to maintain custody at *Schwab*. The Non-*Schwab* Custody Fee is a



one-time payment equal to a percentage of the assets placed in custody other than at *Schwab*. The Non-*Schwab* Custody Fee is higher than the Participation Fees AEPG generally would pay in a single year. Thus, AEPG will have an incentive to recommend that client accounts be held in custody at *Schwab*.

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

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

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

**Please Note:** In the event that the client directs AEPG to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through AEPG. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

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



## Item 13: Review of Accounts

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

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

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

## Item 14: Client Referrals and Other Compensation

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

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

On May 9, 2014, AEPG acquired the assets and rights to Freedom Divorce Advisors (Freedom) from Freedom Advisors, LLC. Freedom Advisors, LLC is a Florida Limited Liability Company owned and operated by Noah and Amanda Rosenfarb. Due to the common ownership between Freedom Advisors, LLC and Freedom Wealth Advisors, LLC, the two companies are considered related companies. This agreement was structured as an "earn out", whereby AEPG will pay Freedom Wealth Advisors LLC a percentage of on all revenue received by AEPG from business conducted under the Freedom Divorce Advisors or AEPG Divorce Advisors brand names for a period of 72 months subsequent to a qualifying client's engagement of AEPG.



## Item 15: Custody

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AEPG shall have the ability to have its advisory fee for each client debited by the custodian on a monthly basis. Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct the broker-dealer/custodian to deduct our advisory fees directly from your account. Your custodian maintains actual custody of your assets. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. AEPG may also provide a written periodic report summarizing account activity and performance.

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

## Item 16: Investment Discretion

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

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

## Item 17: Voting Client Securities

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

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

## Item 18: Financial Information

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

AEPG is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts. AEPG has not been the subject of a bankruptcy petition.

