



Form ADV Part 2A

Disclosure Brochure

March 2018

This brochure provides information about the qualifications and business practices of American Portfolios Advisors, Inc. If you have any questions about the contents of this brochure, please contact Colin Moors, Chief Compliance Officer at (631) 439-4600. 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.

American Portfolios Advisors, Inc. is an SEC Registered Investment Adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about American Portfolios Advisors, Inc. also is available on the SEC's Web site at www.adviserinfo.sec.gov.

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Item 2: Material Changes

This item discusses only material changes made to this brochure since our last update, dated August 2017.

- Removal of Thomas LoManto and addition of Colin Moors as Chief Compliance Officer
- Removal of Schedule H and references to “wrap”

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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.

As of December 31, 2017, we manage or advise \$6.191 billion. This figure consists of:

- \$3.466 billion is assets managed on a discretionary basis.
- \$2.725 billion in assets managed on a non-discretionary basis.

Types of Advisory Services

APA financial advisors work with clients to assess their investment objectives based on the information initially provided, and periodically updated thereafter. Once this assessment is complete, one or more advisory services may be recommended. Clients have the ability to choose which advisory services to utilize and place restrictions on the types and classes of securities that may be purchased for their account(s).

American Portfolios Advisors, Inc. (APA) will allow its Investment Advisor Representatives (IAR) to co-brand using their own "doing business as" entity names on all APA documents, including client agreements and all APA Programs, after review and approval by APA compliance.

- 1) **ADVISOR'S CHOICE:** 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 managed account 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 1:** Investment program in which the client pays a fee to obtain custodial services 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 and or charges are paid by the client. These fees are debited by the custodian directly from the client account(s). These fees include but are not limited to the following: postage and handling, statement charges, service charges, IRA annual charges and other custodial fees, all to be paid by the client. This is not a Wrap Account. Custody provided by Pershing, TD Ameritrade and Schwab Intuitonal.
- b) **Advisor's Choice 2:** 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 and or charges are paid by the client. These fees are debited by the custodian directly from the client account(s). Any additional custodial fees and or charges are paid by the client. These fees are debited by the custodian directly from the client account(s). These fees include but are not limited to the following: postage and handling, statement charges, service charges, IRA annual charges and other custodial fees all to be paid by the client. This is not a Wrap Account. Custody provided by Pershing, TD Ameritrade and Schwab Intuitonal.
- c) **Advisor's Choice 3:** Investment program in which a fee is charged based on AUM for transactions. Some mutual fund transactions may incur additional charges and trades in equities may have additional SEC exchange fees applied. Additional custodial fees and or charges assessed by the custodian are paid by the client. These fees are debited by the custodian directly from the client account(s). These fees include but are not limited to the following: postage and handling, statement charges, service charges, IRA annual charges and other custodial fees all to be paid by the client. This is not a Wrap Account. Custody provided by Pershing, TD Ameritrade and Schwab Institutional.

APFS: American Portfolios Financial Services, (APFS) our Broker Dealer affiliate will be compensated and/or share fees and charges debited by the custodian(s) from the client account. This presents a conflict of interest because of the additional compensation paid to APFS for services provided to the client as the Broker-Dealer however our advisor always puts the client interest before their own. The advisors of American Portfolios Advisors, Inc. are Registered Representatives of APFS and therefore are providing these services to their clients in an effort to create an efficient trading process and provide necessary services of the custodian to service the client accounts.

- 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 or APA in-house 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 some cases, APA acts as a solicitor for the third-party manager and is paid a solicitor fee out of the fee the third-party manager charges the client. In other cases APA serves as Sponsor of the program and is compensated for its managing and operating the program.

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 (discretion) 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. This program is available by choosing Pershing or TD Ameritrade as custodian. There may be a difference in overall cost to the client between the different custodians. The differences are attributed to the services provided to clients and the charges by each custodian and the value put on the services offered by that custodian. This difference creates a conflict of interest in that the advisor of APA, because of their affiliation with a specific custodian, may be charging the client a higher overall cost for the program than if they were to use another custodian. The advisor is an independent advisor, not an employee of APA, and has chosen the custodian based upon the services the custodian provides the client, and the advisor believes that the chosen custodian will service their client in an appropriate manner and not because APA has directed the advisor to that custodian. APA allows its advisors to choose from the available custodians and will never try to influence their choice. This custodial decision is made by the advisor. The fees charged by the various custodians diminish the overall performance returns to clients. However, in evaluating these custodians and the services they provide to the clients of APA and APFS, we feel we are serving the client's best interest in spite of the conflict because the services the custodian provide are valuable to operations within the clients' accounts.

There are three 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. In this program APA has discretion and places trades per buy and sell instructions received from the third-party Strategist. If the custodian Pershing is chosen there will be additional custodial charges assessed by the custodian beyond the control of APA. APFS may share in these custodial charges. (Please see APFS in Item 1 above). See disclosure and conflict of interest in Item 4 - # 3 above.
- b) **APA-Sponsored Portfolios Program:** APA completes the due diligence of third-party managers then APA will select managers to perform asset allocation and management services for its clients utilizing in-house due diligence and account management systems. Accounts will be opened using Pershing, LLC's account systems and the money managers will use Pershing's Block Trading and Rebalancing Tool and/or rebalance at the independent manager's control to structure and trade these accounts or accounts can be opened using TD Ameritrade as custodian using the TD Ameritrade account systems and the money managers will use TD's Block Trading and Rebalancing Tool to structure and trade these accounts. The Advisor is responsible for monitoring the model for continued suitability and performance. Please read Item 4 - # 3 above for APA disclosure and the explanation of the conflict of interest that may or may not exist.
- c) **Nine Points Investment Management (NPIM):** This program has been introduced by APA and is managed internally by APA for client use. There are multiple asset allocation portfolios available. These portfolios use equity, fixed income, and alternative ETFs in many strategic allocations ranging in risk from Income to Aggressive Growth. Portfolio design involves a strategic optimized asset allocation that is tactically adjusted in response to changing market conditions. They are designed to minimize downside volatility while capturing the appropriate level of upside for the client's risk tolerance with a focus on low total cost of investment. This creates a conflict of interest to APA advisors to recommend NPIM over other programs that do not benefit APA. Advisors will choose a manager based on the client's needs, and advisors are not compensated any differently for using NPIM

4) **FINANCIAL PLANNING, CONSULTATION 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. Fees charged for these plans by the advisor cost from \$350.00 to \$15,000.00.

- 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 among other investment options and programs. Fees can be assessed by using a Flat fee or an hourly charge. The type of fee will be determined by the client and advisor and a separate Service Agreement will be agreed to and signed by the client.
- 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:
- i) Basics of Investing
 - ii) Financial Planning Concepts
 - iii) Asset Allocation
 - iv) Estate Planning Concepts
 - v) Benefits Planning
 - vi) Retirement Planning

General rules for types of securities in accounts:

APA restricts the use of leveraged and inverse products in advisor-directed 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 advisory management fees are deducted from the client's account in advance either monthly or quarterly using the account value on the last day of the previous month or quarter. Fees can also be calculated by average daily balance and also assessed and debited in arrears from client accounts. APA advisory fees charged to clients can be changed with 30 days' written notification to clients by its Advisors or APA using a negative consent Letter of Notification. All fees are negotiable. Under the Advisor's Choice programs, except for AP2 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 1 (OA1):** Clients are charged a fee for assets under management. 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. Please refer to the Administration Fee Chart below for the administration fee schedule.
- b) **Advisor's Choice 2 (OBL):** 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. Please refer to the Administration Fee Chart below for the administration fee schedule. The maximum fee charged for this program is 3%. From time to time there may be additional charges/fees assessed by the custodian that the client will pay from the account.
- c) **Advisor's Choice 3 (JLP and AP2):** Clients are charged a fee for assets under management. The maximum fee charged for this program is 3%. An AUM-based Sponsor Program fee applies with a maximum fee of 25 bps. 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 Advisor's Choice 3 pricing.

ADMINISTRATION FEE (ADVISOR'S CHOICE 1 AND 2): 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:

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 \$500,000, each account in the household, as defined as a group of people with the same last name living at the same address, 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.

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. All advisory accounts where the IAR is conducting transactions with discretion all trades are in fact solicited transactions. 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 fees and or 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. For accounts held at any APFS Custodian, Client agrees that transactions for the Account will be executed through APFS. APFS participates in transaction revenue, money market revenue and other fees received or charged by Custodian. APFS's participation in such revenue and fees may create a conflict of interest between APFS and Client.

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. The advisor is an independent advisor and he or she can and will choose the custodian for their client accounts based upon the services the custodian provides and the level of service they provide. APA does not direct or influence in any way which custodian their advisors select.

From time to time, when a new Advisor transfers accounts 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 as part of the advisory fee. If these products are not approved or valued per the rules governing these non-traded products, 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 registered representative; however, such investments will not be included in assets under management for purposes of calculating the advisory fee and billing.

APA will allow a fee to be charged on an Alternative Investment (Regulation D product) position in an advisory account if the position is liquid – or offers to be liquid – at least quarterly and the position is valued by the offering entity at least on a quarterly basis. These Alternative Entities must be pre-approved by the Product Review Committee before being placed into the account. The position cannot be one that a commission and a fee is charged. The position can only pay one Fee to be billed.

Mutual Fund suggestions, purchases and MF's added to the client portfolio may distribute 12b-1 fees through the Broker Dealer APFS, per the Mutual Fund prospectus. As of January 1, 2018, APFS does not pass 12b-1 fees to the advisor. All 12b-1 fees are rebated back to the advisory client's account.

- 2) **THIRD-PARTY ASSET MANAGERS:** 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.

- 3) **ADVISOR'S SOLUTIONS:** All fees are debited from the client's account in advance or arrears either monthly or quarterly. The calculation is valued from the assets in the account on the last day of the previous month or quarter. Fees may also be debited in arrears and based upon the average daily balance within the account paid monthly or quarterly. In these programs the fees will vary and the individual managers set fees and minimums. There may be a difference in cost to client at the different custodians. The differences are attributed to the services provided to clients and the charges by each custodian and the value put on the services offered by that custodian. This difference creates a conflict of interest in that the advisor of APA, because of their affiliation with a specific custodian, may be charging the client a higher overall cost for the program than if they were to use another custodian. The advisor is an independent advisor, not an employee of APA, and has chosen the custodian based upon the services they provide the client and feel that chosen custodian will service their client in an appropriate manner and not because APA has directed the advisor to that custodian. For further disclosure clarification please see Item 4 #3 above.

Leveraged products of any kind can be purchased and or held in an advisory account when the Third Party Manager adds these types of positions to their portfolio.

- 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. Fees may also be debited in arrears and based upon the average daily balance within the account paid monthly or quarterly. APA charges a platform 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. Fees may also be debited in arrears and based upon the average daily balance within the account paid monthly or quarterly.
- c) **Nine Points Investment Management:** This program has been introduced by APA and is managed internally by APA for client use. There are multiple asset allocation portfolios available on the Advisor's Solutions platform. These portfolios use equity, fixed income, and alternative ETFs in many strategic allocations ranging in risk from Income to Aggressive Growth. Total fees including advisor fee range from 0.35% 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 month or quarter. Please see Item 4 #3 above for further clarification of the conflict of interest and the full disclosure.

4) **FINANCIAL PLANNING, CONSULTATION AND ADVISORY SEMINARS**

- a) **Financial Planning:** Fixed and/or hourly charges or a flat fee are charged 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 vary per hour depending upon the needs of the client and the complexity of the consultation, and are negotiable. A flat fee 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 may 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.

- 5) **ADVISORY ANNUITIES:** 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. If a Commissionable Variable Annuity Contract is sold by a registered representative, and the registered representative is paid a commission, the advisor can (after a 36-month waiting period) employ a Third-Party Manager to manage the sub accounts or the advisor could self-direct the sub accounts. The Advisor can then charge a fee to manage the sub-accounts. Alternatively, if an advisor chooses a Third Party Manager to manage the sub accounts that manager can charge a management fee in addition to the fee charged by the advisor of APA. The advisor will execute with the client a Variable Annuity sub account management agreement. 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. Generally, APA will permit a maximum 3% fee including M&E charges with a cap of 1% to the advisor, however with the addition of riders and benefits to the client, the total fees may exceed 3%. 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.

- 6) **FEES AND EXPENSES RELATED TO TRADING AWAY:** In cases where a client's account or a portion thereof are managed by third party investment managers or Sub-Managers, the third party investment manager or Sub-Manager, in its sole discretion, may place a client's trade orders with a broker-dealer firm other than the custodian's designated broker-dealer (also known as "trading away" from that broker-dealer) if the manager determines that it must do so to comply with its best execution obligations. This means that clients who invest with third party investment managers or Sub-Managers may incur execution costs (whether in the form of commissions or markup/markdowns that are built into the net price of the security) in addition to, and which will not reduce the advisory account fees. Clients should therefore

take these costs into consideration when selecting and/or determining whether to remain invested in accounts managed by third party investment managers or Sub-Managers. Managers that specialize in fixed income, international, small-cap, or ETP disciplines may be more likely to trade away from APA due to market conditions, liquidity, exchange availability, or other factors they consider relevant in satisfying their best-execution obligations to clients. Clients should understand that APA does not evaluate whether a Manager is meeting its best-execution obligations to clients when trading away, as it is not a party to such transactions and is not in a position to negotiate the price or transaction-related charge(s) between the Manager and the executing broker or dealer. APA does not discourage or restrict a Manager's ability to trade away. Clients participating in a program using a Managers, should review the Manager's Form ADV Disclosure Brochure carefully prior to deciding to do business with any particular Manager. Among other things, the Manager's Brochure must disclose the Manager's conflicts and various sources of compensation, as well as those costs incurred by clients that may result from engaging in step-out trades, among other things. Clients should also discuss the use or intended use of any particular Manager with their APA advisor, including the Manager's trading practices and the costs that may be borne by the client.

- 7) **TRANSACTION FEE AND NO TRANSACTION FEE (NTF) MUTUAL FUNDS AVAILABLE ON PERSHING PLATFORM:** In Advisor's Choice, the transaction costs are determined by selecting Advisor's Choice 1, 2, or 3. Pershing, LLC offers certain funds with a transaction fee and certain funds with no transaction fees (NTF). A potential conflict of interest exists for IARs in Advisor Choice Programs to select a NTF fund since the IAR would incur less expense and generate more revenue than if the IAR selected a transaction fee fund. In all options of Advisor's Choice assessed by Pershing for transactions in what the custodian deems "surcharge funds", APA does not share in any of the surcharge revenue. APA advisors will strive to obtain the lowest net expense share class available for that same fund, or a reasonable differential from the lowest expense share class netting the refunded 12b-1 fee out of the expense ratio of any share class that offers a 12b-1 fee, regardless of whether it is a Transaction Fee fund or NTF fund.

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

APA does not permit performance-based pricing without an exception. An exception would require the client to be a qualified client. 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 is \$10,000 for Non-Qualified accounts – APA reserves the right to grant exceptions after a review of a request by an advisor. The minimum account size for an Advisor's Choice account is \$5,000 for qualified (IRA) accounts. Qualified accounts where the client is part of an employer sponsored retirement plan and making periodic payments to the plan can start with an account value of \$1.00. These participants will pay all charged custodial fees and or charges assessed and debited from the account. Accounts that are registered as IRA accounts will pay the required annual IRA account fee and no activity fees (if no transactions occur in an account within the calendar year) as charged by custodians – debited from the account.

In the advisor choice program – JLP and AP2 office range Pershing as custodian – the client will pay the annual IRA fee for accounts with values less than \$100,000. 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 and managers brochure. All above values and conditions apply to all custodians approved by APA and the advisors of APA's corporate RIA.

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

METHODS OF ANALYSIS

APA advisors are all independent advisors and as such the 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.

INVESTMENT STRATEGIES

The investment strategies used to implement any investment advice given to clients may include long-term purchases (securities held at least a year); short-term purchases (securities sold within a year); trading (securities sold within 30 days); and covered call option writing. Frequent trading strategies are not encouraged however they are permitted by APA.

Although APA through your IAR manages accounts 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. Clients 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.

RISK OF LOSS

EQUITIES: Investing in equity instruments such as stocks, mutual funds and ETFs involve risks 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.

Bonds and Debt Instruments: 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.
- Liquidity Risk—Risk that a given financial asset, security or commodity cannot be traded quickly enough in the market without impacting the market price.

ALTERNATIVE INVESTMENTS: 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.

Margin: 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.
- APA permits the use of margin in advisory accounts on an exception basis only.

SELLING SHORT: 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. Short selling is not permitted in advisory accounts.

Options: 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

Neither APA nor its management personnel 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 within 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 and always putting the client interests first.

APA selects third-party managers based on due diligence review for its various programs, 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:

- 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) 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.
- 4) APA requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- 5) 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.
- 6) 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 has approved 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. 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.)

APFS and APA prohibit agency cross transactions on equities, and bond cross transactions (i.e., transactions in which APFS or an affiliate acts as broker for the parties on both sides of the transaction) are generally prohibited without an exception.

APFS and its associated persons may recommend to clients the purchase or sale of investment products through Pershing, APFS's clearing broker/dealer. APFS and APA may receive certain compensation from Pershing based from 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. If additional compensation is received such as 12b-1 fees received by an advisor of APA from any serving vendor (custodial, investment company), that compensation is calculated in the overall fee charged to manage client individual accounts. 12b-1 fees paid at Pershing, LLC are rebated to the client. 12b-1 fees paid at TD Ameritrade and Schwab are retained by TD Ameritrade and Schwab as they are the broker/dealer.

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 rebates these fees to the client while TD Ameritrade and Schwab do not. No matter what fund is chosen the advisor will assess the fee he or she charges for management of the account to be charged to the client the same no matter if a 12b-1 fee is paid to the advisor or not. In addition, APFS participates in transaction revenue, money market revenue and other fees received or charged by Custodian. APFS's participation in such revenue and fees may create a conflict of interest between APFS and 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 custodial fees and or commissions. These fees paid to APFS and commissions are all used to continue to service the client as their Broker Dealer. In choosing any mutual fund share class one may cost more than the other thus the performance of the account will be influenced by the share class chosen.

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 will keep that surplus.

Alternative Regulation D products in advisory accounts - APA will allow a fee to be charged on an Alternative Investment (Regulation D product) position in an advisory account if the position is liquid – or offers to be liquid – at least quarterly and the position is valued by the offering entity at least on a quarterly basis. These Alternative Entities must be pre-approved by the Product Review Committee before being placed into the advisory account. The position cannot be one that pays a commission and a fee to the same client in an account. The position can only pay a Fee to be billed in the advisory account to the advisor of record using the proper no load share class offered.

Item 13: Review of Accounts

Generally, the Advisor is responsible for reviewing client accounts at least annually and is encouraged to submit an annual client review form to APA. 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. AP managing principals review all new account forms where it provides brokerage services through all custodians 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 AP supervising principal and other AP departments that have access to commissions/fees paid, as well as by the operations area of AP.

For each month in which there is activity in an account, clients receive a summary of transactions from the custodian. 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 provides 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.

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.

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 a fee based upon the asset value of the account billed quarterly in advance.

SOLICITORS

APA may pay fees to financial intermediaries, advisers, planners, accountants and individuals—as solicitors—who refer their clients to APA through its advisors, 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. 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.

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 only 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.

ERISA Guide to Services and Compensation

In accordance with Rule 408(b)-2 of the Employee Retirement Income Security Act of 1974, the following is a guide to important information that ERISA Plans should consider in connection with the services provided by American Portfolios Advisors. Should you have any questions concerning this guide or the information provided to you concerning our services or compensation, please do not hesitate to contact American Portfolios Advisors' compliance department at (631) 439-4600.

Required Information	Location(s)
Description of the services that APA will provide to your plan	These can be found in APA's Form ADV, Part 2a under Advisory Business.
A statement concerning the services that APA will provide as an ERISA fiduciary and a registered investment adviser	These can be found in your Investment Advisory Agreement under Representations or in APA's Form ADV, Part 2a under Advisory Business.
Direct Compensation APA will receive from your Plan	Information regarding compensation APA will receive from your plan can be found in your Investment Advisory Agreement's fee schedule. It can also be found in APA's Form ADV part 2a under Fees and Compensation.
Indirect Compensation APA will receive from other parties that are not related to APA	Indirect compensation information can be found in your Investment Advisory Agreement and Schedule B (brokerage) of the Investment Advisory Agreement and in Form ADV, Part 2a under Brokerage Practices.
Compensation APA will receive if you terminate this service agreement	Information regarding compensation paid upon termination of your account can be found in your Investment Advisory Agreement under Assignment/Termination. It can also be found in Form ADV, Part 2a under Fees and Compensation
The manner in which the Plan is billed.	Information regarding the manner in which your Plan is billed can be found in your Investment Advisory Agreement under Investment Advisory Fees. It can also be found in APA's Form ADV, Part 2a under Fees and Compensation.
The cost to your Plan or recordkeeping services.	Not Applicable. APA is not a record-keeper or administrator to your Plan.