

Item 1 – Cover Page



AER Advisors, Inc.

CRD #128515

Drake Hill Commons

Suite 5

155 Lafayette Road

North Hampton, NH 03862

www.aeradvisors.com

June 26, 2012

AER Advisors, Inc. is providing this brochure to assist you in evaluating our qualifications, business practices and commitment to our fiduciary responsibility. This document also explains the risks inherent in investing in the securities markets in general and with investment advisory firms in particular. You may contact us at any time if you have questions about the contents of this Brochure. Please note that the information in this Brochure has not been approved or verified by either the U.S. Securities and Exchange Commission or by any state securities authority; it is, however, on file at the SEC.

AER Advisors is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Therefore, we encourage you to review our Brochure carefully and to meet with us in person to help you determine whether to hire and retain us as an Adviser.

Additional information about our firm is also available on the SEC's website at www.adviserinfo.sec.gov

Item 2 – Material Changes

Since our last Brochure filing on March 23, 2012, we have had no material changes.

You can request the most recent copy of our Brochure without charge at any time by calling the offices of AER Advisors at 603:964-5865 or emailing info@aeradvisors.com.

Item 3 – Table of Contents

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

Item 4 – Advisory Business

AER Advisors, Inc. (“AER”) became registered with the Securities and Exchange Commission on January 3, 2008. AER was founded by David O’Leary and Carol O’Leary who are married, and together own more than 79.29% of the firm.

David O’Leary is the Chairman and Chief Investment Officer of AER. Prior to AER, David was Chairman and CEO of Alpha Equity Research which he founded in 1994. David is 60 years old and has over 37 years in the investment industry. He holds a degree in Economics from Harvard College and is a Chartered Financial Analyst.

Carol O’Leary is the Chief Executive Officer of AER. Prior to AER, Carol was President of Media Planning Services for sixteen years that planned and placed media in the United States, Canada and Europe. She is 60 years old and holds a BA degree from the University of New Hampshire.

Janine Cohen is the Chief Financial Officer and Chief Compliance Officer of AER. Prior to AER, Janine was a Senior Vice President at State Street Bank. She is 59 years old and holds a BS degree from the University of Minnesota in mathematics and accounting. Janine is a Certified Public Accountant.

What we do

We primarily serve institutions and high net worth individuals and their families with discretionary investment management services. AER’s primary investment strategies are driven by investments in equities. However, AER can accommodate Clients wishing to invest in fixed income securities and Clients may impose restrictions on investing in certain securities or types of securities.

Before we begin constructing a Client’s portfolio, we start with an extensive interview process to make sure we consider all relevant aspects of a Client’s net worth. We also make an assessment regarding our Client’s ability to tolerate uncertainty, their earning power, and their income needs.

The foundation of AER's investment management business is our proprietary research model the "NOW" ranking system. The system ranks the relative attractiveness of 36 equity sectors and up to 3,000 stocks listed on U.S. exchanges. The NOW Rank is a proprietary measure combining money flow and fundamental characteristics. It is updated each week and ranges from 0 to 100. A "100" Now Rank suggests maximum buy pressure and attractive fundamentals with the potential for rapid price appreciation. A "0" Now Rank reflects a stock with maximum sell pressure and deteriorating fundamentals. We believe the strength of the research is the potential to uncover stocks and sectors that exhibit meaningful buy and sell pressure, often anticipating emerging changes in stocks' earnings and valuation.

AER does not participate in any wrap fee programs.

Client assets managed on a discretionary basis as of June 26, 2012 were \$127,400,000.

Item 5 – Fees and Compensation

We charge fees according to the schedule outlined in the written agreement with our Clients. Our standard fee schedule is 1 percent of assets under management in addition to a performance fee described below in Item 6. We negotiate the advisory and sub-advisory fees we receive from each Client on a case-by-case basis. For Client accounts that contain more than 20% of the securities in fixed income securities, AER may waive the performance fee.

We calculate fees as a percentage of the market value of all assets exclusive of any margin debit balance in the accounts of our Clients on the last day of each calendar quarter for the quarter currently ending. Twenty-five (25) percent of the annualized fee is due at that time. We generally bill by directly debiting our Clients' accounts, and we ask them to authorize this billing method in our agreement with them as well as in their account applications with their custodian.

We prorate fees for capital added or withdrawn during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Similarly, we prorate fees based on the number of days in a quarter for accounts initiated or terminated during a calendar quarter.

Our fees are exclusive of other fees that Clients may incur as a result of investment activity or funds movement in their accounts. Brokerage commissions and trade processing fees are the primary expense of this type. To a lesser extent, Clients may incur certain charges imposed by custodians such as wire or electronic fund transfer fees. Mutual funds and exchange traded funds also charge internal managements fees. Their fees are disclosed in a fund's prospectus and reduce the total return a Client will earn on a given fund.

We do not receive any portion of the commissions, fees, and costs listed in the preceding paragraph. We encourage Clients to review their statements for a full understanding of all fees they may incur.

We describe in Item 12 below the factors we consider in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation.

Item 6 – Performance-Based Fees and Side-By-Side Management

For Client accounts for which AER charges a performance fee, the performance fee is based upon any gains obtained in excess of the S & P 500 Total Return Index in the Client's account for the preceding quarter. Performance fees are paid quarterly in arrears and will be equal to 10% of any gains in the Client account in excess of the S & P 500 Total Return Index achieved during the quarter, subject to a "high water mark" to ensure AER will not receive a performance fee unless, and only to the extent that there are cumulative gains in excess of the S & P 500 Total Return Index in the Client's account.

Performance-based fees may create certain conflicts of interest for AER. AER may have incentive to subject accounts with performance-based fees to greater risk or favor accounts with a performance-based fee. To address these potential conflicts AER established procedures to

monitor the risks of accounts with performance-based fees, to treat all accounts fairly with the same fiduciary standards, regardless of the applicability of performance-based fees and to ensure that allocations do not favor any Client or groups of Clients.

Item 7 – Types of Clients

AER provides portfolio management services to high net worth individuals. The vast majority of our Clients are successful executive professionals, own companies, or are successfully retired individuals. All potential Clients fill out a *Qualified Client Questionnaire* to determine their suitability and whether there would be an appropriate fit with our investment strategies. Clients are required to invest a minimum of either one million dollars or two million dollars, depending on which strategy will be employed.

AER focuses its activities on asset management for institutional clients, including trust accounts, high net worth individuals, foundations, endowments and investment companies. AER may manage assets on a segregated or pooled basis.

AER also has a legacy institutional research subscription business that was absorbed when AER assumed the business of our affiliate, Alpha Equity Research, in July 2008. We provide the *Alpha Sector Ranking System* in various formats, which was developed by our Chief Investment Officer, David J. O’Leary in 1994, as well as custom screens and reports specific to each firm’s requirements. Firms that subscribe to our research include hedge funds and both large and medium money management firms.

Standard research reports available to institutions include the following:

- Stock Rankings: Large Cap, Mid Cap, Small Cap

- Stock Breadth Analysis

- Alpha Portfolio Checker

- Current Market Monitor

- Alpha Best New Ideas

Item 8 – Methods of Analysis, Investments Strategies and Risk of Loss

AER Advisors focuses on buying stocks with above average growth opportunities at a reasonable price using our proprietary stock selection methodology, *The Alpha Sector Ranking System*, developed by our chief investment officer in 1994. This system ranks 36 sectors spanning the domestic stock market using our *Alpha Scoring System*. These scores are derived from a bottoms-up measure of buy and sell pressure of our stock universe of up to 3,000 companies, which are then aggregated to the sector level. Stocks are then given a *NOW Rank*, which is a proprietary measure combining money flow and fundamental characteristics including but not limited to after tax margins, sales growth, consensus earnings estimates, price to earnings, and shares outstanding.

AER Advisors Strategies

All our strategies carry some measure of risk exposure with potential reward in a diversified mix of securities. However, risk is inherent in owning any investment, and stocks, bonds, and alternative investments are no different. All investments can lose value, and sometimes they may all go down in price at the same time. While diversification seeks to mitigate this effect, it cannot always prevent it. Investing in securities involves risk of loss that Clients should be prepared to bear. In addition to the strategies listed below, AER can create customized investment strategies tailored to a particular Client's goals, utilizing the same research that drives our other existing strategies listed below.

AER Multi-Cap50 Strategy: This strategy seeks long- term growth of capital. The portfolio is initially established with 50 stocks chosen from AER's research universe that meet AER's screening criteria. At the end of each week, the portfolio is potentially rebalanced based on AER's updated research. The portfolio may hold as few as 25 positions. Up to one half of the portfolio may also employ a hedging strategy based on AER's proprietary Risk Exposure

Indicator. The hedging strategy includes purchasing exchange- traded funds (ETFs) that are designed to move inversely to the stock market.

AER Classic Long/Short Equity Strategy: This strategy seeks long term growth of capital generated primarily through price appreciation of long and short positions in U.S. exchange traded common stocks. A secondary objective is to generate positive absolute returns over time regardless of market direction and to minimize portfolio losses during times of market stress. The portfolio strategy is generally composed of 50 stocks, one half of which are the top five rated stocks selected from the top 5 sectors in AER's research universe. Similarly, the worst rated five stocks in the bottom 5 sectors are sold short. However, there may be instances where AER's research indicates limited favorable shorting opportunities in which case as few as 25 long positions may comprise the entire portfolio. This strategy may involve frequent trading which can increase transaction costs and taxes.

AER Inflection Long/Short Equity Strategy: This strategy is offered to highly qualified investors with a \$2 million minimum investment. The strategy uses our proprietary research data that is updated weekly. AER identifies 3-5 sectors that are moving up in relative ranking and 3-5 sectors that are moving down. We invest in leveraged ETF sector funds for long exposure and leveraged inverse ETF sector funds for short exposure. This strategy may result in frequent trading which can increase transaction costs and taxes and could result in substantial loss of capital. The holding period will depend on the persistency of the buy and sell signals for each individual sector.

Item 9 – Disciplinary Information

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. AER has nothing to disclose about either the company or any of our employees.

Item 10 – Other Financial Industry Activities and Affiliations

AER or its employees do not have any relationships or arrangements with other financial services companies that are material to its advisory business.

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

AER has adopted a Code of Ethics pursuant to SEC Rule 204A-1 of the Investment Advisers Act of 1940 that applies to everyone at AER. Our Code insists on a high standard of business conduct and fiduciary duty to our clients. Every year, we acknowledge in writing that we have reviewed the Code, and we reaffirm our adherence to it. A simple summary is as follows:

- ✓ We will always act solely in our Clients' best interests.
- ✓ We will keep your personal private information confidential unless either you authorize us to do otherwise or its disclosure is required by law.
- ✓ We will obey the letter and spirit of the law prohibiting trading based on insider information.

From time to time, the securities purchased, held or sold by AER employees may include securities that AER is recommending that our Clients hold, buy or sell. Additionally, it is possible that AER employees may own securities at the same time AER Clients have sold the same security short in the Alpha Classic Long/Short Equity Strategy. AER has instituted the following policies under our Code of Ethics to minimize the risk of potential conflicts of interest. We exempt some types of securities, like open-ended mutual funds and certain type of bonds, from these rules since our personal trades in these securities would not interfere with the best interests of our Clients. Anyone at AER who wants to trade a security we own for Clients, must first check with our Compliance Officer and our Chief Investment Officer and obtain approval before their trade is executed. AER employees are also required to report to our Chief

Compliance Officer initial and annual holdings and quarterly transactions in reportable securities.

Our Clients may request a copy of our Code of Ethics at any time by contacting Janine Cohen at Janine.cohen@aeradvisors.com or calling 603-964-5865.

We do not act as principal or agent to effect trades for our Clients.

Item 12 – Brokerage Practices

Brokerage Discretion

Generally, AER has the authority to determine, without obtaining specific Client consent, the broker or dealer to be used in executing securities transactions and the commission rate to be paid with respect to such transactions.

AER recommends and uses National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, “Fidelity”) through which Fidelity provides AER with “institutional platform services.” The institutional platform services include, among others, brokerage, custody and other related services. Fidelity’s institutional platform services that assist AER in managing and administering Clients’ accounts include software and other technology that (i) provide access to Client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple Client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its Clients’ accounts; and (v) assist with back-office functions, record-keeping and Client reporting.

AER does not currently maintain any formal soft dollar arrangements. However, Fidelity also offers other services intended to help AER manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences,

roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom AER may contract directly.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

AER is independently operated and owned and is not affiliated with Fidelity. Not all advisors recommend that their Clients use a particular broker or dealer. AER benefits from the above services because we do not have to purchase or pay for them ourselves. AER has negotiated a commission schedule with Fidelity for trades and/or allocations placed electronically with Fidelity. AER may have an incentive to recommend Fidelity based on our interest in receiving research or other products and services, rather than on the Clients' interest in receiving most favorable execution. As a result of our Clients' brokerage and custodial arrangements with Fidelity, AER may, in its discretion cause Clients to pay transaction costs to Fidelity that are greater than the transaction costs that another qualified broker (s) might charge to effect the same transactions. AER reviews its brokerage relationship with Fidelity on a periodic and systematic basis to ensure that we are fulfilling our fiduciary duty to seek best execution on Client transactions.

Trade Aggregation and Allocation Policies

AER generally aggregates trades for Client accounts trading the same security, if possible, but we are not required to aggregate trades. When possible, orders for the same security may be combined or "batched" subject to the aggregation being in the best interest of all participating Clients to facilitate best execution, and to allocate equitably among AER's Clients differences in

prices that might have been obtained had orders been placed independently. AER effects batched transactions in a manner designed to ensure that no participating Client is favored over any other Client. Each Client that participates in a batched transaction will participate at the average share price for all of AER's transactions in the security on that business day, with respect to that batched order, and pay commissions and ticket charges based upon the individual Client(s)' commission schedule. Securities purchased or sold in a batched transaction are allocated pro-rata when possible, to the participating Client accounts in proportion to the size of the order placed for each account. AER may, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular Clients. Additionally, if AER is unable to fully execute a batched transaction and AER determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, AER may allocate securities in a manner determined in good faith to be a reasonable and fair allocation.

Item 13 – Review of Accounts

The portfolio manager reviews each Clients' portfolios on a daily basis. Reviews include, but are not limited to, portfolio composition and market value of individual issuers. AER updates our research on up to 3,000 equities every week. On a weekly basis, the portfolio manager and/or compliance officer reviews current market activity and performs review and analysis of individual issues, portfolio composition, weekly trading activity and performance comparisons.

We meet with our Clients as needed, either in person or via telephone conference. Each Client receives a quarterly portfolio report reviewing their account holdings, performance, asset allocation, sector allocation, and any other information we determine to be pertinent to current market conditions as it relates to their portfolios.

Item 14 – Client Referrals and Other Compensation

Neither AER nor its employees receives compensation from anyone other than Clients for providing our services.

Item 15 – Custody

All Clients' accounts are held in custody by Fidelity. Fidelity sends statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by AER.

Item 16 – Investment Discretion

AER has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the client. In all cases, we exercise this discretion consistent with our Clients' stated investment objectives, guidelines or limitations previously set forth by the client and agreed to by AER. We can accommodate specific instructions, for example, on handling low cost basis security positions that Clients may hold.

Item 17 – Voting Client Securities

AER does not exercise proxy voting authority over Client securities. The obligation to vote the Client proxies rests with the Client, and Clients are required to inform their custodian that AER should not be designated as the party to receive information on voting the Client proxies. The Client may contact AER for advice or information about a particular proxy vote. If AER should inadvertently receive proxy information for a security held in the Client's account, we will immediately forward the information on to the Client.

Item 18 – Financial Information

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about their financial condition. We have neither any financial commitment that would impair our ability to meet our contractual and fiduciary obligation to our Clients nor have we been the subject of a bankruptcy proceeding.

AER Advisors, Inc. has not been involved in any arbitration, or civil, regulatory or administrative proceedings.