

**Ausdal Financial Partners, Inc.
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**FORM ADV PART 2A
BROCHURE
March 2014**

This brochure provides information about the qualifications and business practices of Ausdal Financial Partners, Inc., the advisor. If you have any questions about the contents of this brochure, please contact Ausdal Financial Partners, Inc. at 1-877-722-8732 or ausdal@ausdal.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 Ausdal Financial Partners, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for the advisor is 7995.

Ausdal Financial Partners, Inc. is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Form ADV Part 2A, Item 2

Item 2 - Material Changes

This section is only discussing material changes since the last annual update of this brochure. Our last annual update of this brochure was February 2013.

The principal items in this brochure that are being updated are:

Main Office Change of Address

Our main office in Davenport, IA has moved to:

**5187 Utica Ridge Rd
Davenport, IA 52807**

This is reflected in our update.

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Ausdal Financial Partners, Inc. ("AFP") was founded in 1979 as a securities broker-dealer firm. AFP began investment advisory activities as a registered investment advisor in 1991. As a registered investment advisor, AFP supervises personal advisors who provide a variety of services for their clients. AFP is a closely held corporation with no one shareholder owning 25% or more of the corporate stock.

AFP offers a number of different services. These services can be divided in to three categories.

1. **Private Client Services**
2. **Separately Managed Account Program**
3. **Financial Planning**

PRIVATE CLIENT SERVICES ("PCS")

Under Private Client Services, your personal advisor will work with you to gather the information necessary to understand your financial position, goals and risk tolerance. Your personal advisor will then identify and propose an investment program to address your specific needs and objectives as identified in the client agreement.

The personal advisor will open one or more accounts on your behalf. The accounts (collectively referred to as "the account") may include securities held in brokerage accounts and/or investments held directly with financial institutions, such as mutual funds, variable annuities, banks or trust companies.

At any time you may contact your personal advisor to discuss your account, address your questions or concerns, and discuss additional actions that may help you meet your financial goals. AFP will review the account for suitability and monitor transactions.

All securities and cash positions are registered in your name and held at separate and independent custodians.

Unless otherwise stated, the minimum initial account size for Private Client Services is \$100,000; exceptions may be permitted with approval by a principal of AFP. In all programs, either you or AFP may cancel the advisory services with written notice.

Suitability

PCS clients complete an AFP New Account Form questionnaire and a Risk Profile on the Investment Advisor Program Agreement ("IAPA"). This information is used in conjunction with information gleaned from client discussions with the personal advisor to ascertain the suitability and appropriate investment objectives for each client. Notify your advisor of any changes in your personal circumstances or financial situation that may affect your investment objectives or risk tolerance.

Account Restrictions

You may impose restrictions on your account to avoid certain specific investments or a particular type of security. These restrictions are noted on your IAPA.

Ausdal Wrap Fee Program

AFP offers the AFP Wrap Fee Program to serve clients who want to have the costs of custody, trading and investment advice wrapped into one single fee. Accounts available through the wrap fee programs are not managed differently from accounts managed in non-wrap programs. For a complete explanation of the AFP Wrap Fee Program, please review the Wrap Fee Program Brochure (Form ADV 2A Appendix 1).

Trading Authority

Accounts may be managed either on a discretionary or non-discretionary basis. If your personal advisor has been granted permission to trade with discretion through the advisory agreement, the personal advisor may execute trades without securing specific authorization from you for each trade. Otherwise, the personal advisor will make recommendations to you and act upon your instructions. The discretionary authority is limited to the buying and selling of securities within your account. All other activities including but not limited to withdrawals, distributions, bank wires, etc. in your account require your additional prior approval.

As of December 31, 2013, AFP's account authorizations were as follows:

Table A
Table of Accounts by Trading Authority

AUTHORITY	Number of Accounts	Value of Accounts
Discretionary Accounts	2412	\$343,075,421
Non-Discretionary Accounts	442	\$119,493,559
Total Accounts	2854	\$462,568,980

Available Programs Within Private Client Services:

Within Private Client Services, the Client may choose from four programs:

- 1) Investment Advisor Program Account with the personal advisor as account manager
- 2) AFP Proprietary Programs
- 3) Sub-Advisor Program
- 4) Unified Managed Account through Placemark

1) Investment Advisor Program Account – personal advisor as account manager

The Investment Advisory Program Account is provided by personal advisors for use in the implementation of the investment management and asset allocation recommendations they have designed for their Clients. Your personal advisor will work with you to gather the information necessary to understand your financial position, goals and risk tolerance. Your personal advisor will assist you in determining the suitability of the Account and establishing appropriate investment objectives that are specific to accounts identified via the client agreement. The personal advisor will assist the Client with opening one or more accounts with a custody firm approved by the client. The accounts (collectively referred to as "Account") may include brokerage accounts or accounts held directly with a mutual fund or variable annuity company.

If the personal advisor has not been given trading discretion over the account, the personal advisor will make recommendations to the client and act on the client's instructions. If the personal advisor has been specifically given trading discretion via the advisory agreement, he/she may execute trades without securing specific authorization from the client for each trade. At any time you may contact your personal advisor to discuss your account, address your questions or concerns, and discuss additional actions that may help you meet your financial goals. AFP will review the account for suitability and monitor transactions.

2) Ausdal Proprietary Investment Programs

Portfolio Rehabilitation

Portfolio Rehabilitation is a dynamic managed account strategy developed to meet the needs of investors who would like to try to reduce the volatility of their investment portfolios and potentially increase the cash generated from their investments without sacrificing the opportunity for long-term growth. This program offers a full spectrum of investment objectives from current income to long term growth through a fundamental, economic-based approach. Portfolio Rehabilitation builds a fixed income portfolio in accordance with what we believe are fundamental, long-term financial principles intended to control risk and maximize cash flow. Next, we complement the fixed income allocation with strategically diversified equity investments to introduce potential for appreciation. Finally, the entire portfolio is actively managed with the goal of maximizing performance in changing economic climates. Our assessment of US economic conditions primarily drives tactical changes to our portfolio allocations. As such there may be extended periods with very low portfolio turnover, especially in our conservative growth programs.

Portfolio Rehabilitation is designed to serve as a core portfolio holding for conservative to moderately aggressive investors, depending on the program selected. The account may utilize many investment vehicles including (but not limited to) mutual funds, closed-end funds, common stocks, ETFs, individual bonds, preferred stocks, and municipal bonds to achieve its objectives. From time to time the manager may use inverse and leveraged ETF's as appropriate to the strategy selected, and may hold these positions for longer than recommended by the

corresponding ETF's prospectus. Such holding periods may increase tracking risk and reduce the effectiveness of the strategy. This is an inherent risk of Portfolio Rehabilitation management.

In addition to the original more defensively designed "Portfolio Rehabilitation" models (Gold, Platinum, and Growth & Income), three models are available to accommodate more growth oriented investors (Gold Probabilities, Platinum Probabilities, and Aggressive Probabilities). These programs have more emphasis on equities and less on fixed income than our more conservative accounts. Probabilities Fund Management, LLC ("PFM") is an independent SEC Registered Investment Advisor whose general partner is Joseph Childrey. PFM provides securities positions to the management of Portfolio Rehabilitation for investment in a Growth Sleeve which is coupled with the original PR structure. Joseph Childrey is also a Registered Representative and Investment Advisor Representative of Ausdal Financial Partners, Inc. AFP owns less than 5% of PFM.

The portion of client assets invested in the Growth Sleeve depends on which of the "Probabilities Models" are selected for each particular client. The moderate risk Probabilities Models, "PR Gold Probabilities" and "PR Platinum Probabilities", use identical strategies and identical strategy splits (70% Original PR, 30% Growth Sleeve). The difference between these two moderate models is the account minimums and the type of securities used. The third and most aggressive model is called "PR Probabilities Aggressive". The strategy split in "PR Aggressive Probabilities" is 50% Original PR and 50% Growth Sleeve.

The PR Probabilities models are designed to potentially achieve substantially higher returns than the more conservative predecessors, e.g., Portfolio Rehabilitation Gold, Platinum and Growth & Income. The Probabilities model will cause client accounts to be more than 100% exposed to financial markets (total exposure to equities and bonds) when fully invested. This is due to the use of leveraged ETFs in the Probabilities models. The "PR Gold Probabilities" and "PR Platinum Probabilities" accounts may have up to approximately 85% exposure to equities (up to approximately 130% to financial markets) when fully invested. The most aggressive program "PR Aggressive Probabilities", when fully invested, may have up to approximately 120% exposed to equities financial markets (up to approximately 150% to financial markets).

3) Ausdal Sub-Advised Program

The AFP Sub-Advised Program is comprised of a group of third party managers permitted by AFP to manage client accounts under Private Client Services.

All accounts managed in the Sub-Advised Program are discretionary accounts. You indicate your choice of sub-advisor by signing an addendum to the Investment Advisor Program Agreement. The sub-advisor has the authority to place buy and sell orders in your account without securing your permission before each trade. Your personal advisor will obtain the necessary financial data from you; assist you in determining the suitability of the account, and assist you in establishing appropriate investment objectives that are specific to accounts identified via your client agreement. All securities and cash positions are held at a qualified third party brokerage firm/custodian in an account appropriately registered in your name. AFP will monitor the account activity for suitability and compliance. In addition to this brochure, you should receive a copy of the sub-advisor's ADV Part 2A disclosure brochure.

Available Sub-advisors:

Formula Folios

Formula Folios uses the model portfolios managed by Retirement Wealth Advisors, Inc. The minimum initial account size for this program is \$25,000; exceptions are permitted with approval by a principal of AFP. Accounts of less than \$25,000 will be valued at a minimum of \$25,000 for purposes of fee calculation. Please consult the Retirement Wealth Advisors brochure for more information about Retirement Wealth Advisors, Inc.

Zacks Sub-Advised Program

The Zacks program uses the model portfolios managed by Zacks Investment Management. The minimum initial account size for this program is \$100,000; exceptions are permitted with approval by a principal of AFP. Accounts of less than \$100,000 will be valued at a minimum of \$100,000 for purposes of fee calculation. Please consult the Zacks brochure for more information about Zacks Investment Management, Inc.

SEI Advisory Account

SEI INVESTMENTS provides various investment programs where AFP can employ the research of investment strategists to direct the investment of client funds. The minimum initial account size for the Tactical program is \$25,000; exceptions are permitted with approval by a principal of AFP. Accounts of less than \$25,000 will be valued at a minimum of \$25,000 for purposes of fee calculation. The minimum initial account size for the Strategic Program is \$100,000; exceptions are permitted with approval by a principal of AFP. Accounts of less than \$100,000 will be valued at a minimum of \$100,000 for purposes of fee calculation.

Vestor Advisory Account

The VESTOR Advisory Account is provided by personal advisors of AFP. VESTOR uses the model portfolios managed by VESTOR Investment Management, Inc. The minimum initial account size for this program is \$150,000; exceptions are permitted with approval by a principal of AFP. Please consult the VESTOR Brochure for more information about VESTOR Investment Management, Inc.

Brandes Advisory Account

The Brandes Advisory Account uses the model portfolios managed by Brandes Investment Management, Inc. The minimum initial account size for this program is \$100,000; exceptions are permitted with approval by a principal of AFP. Please consult the Brandes Brochure for more information about Brandes Investment Management, Inc.

FTJ Fundchoice Advisory Account

FTJ Fundchoice provides a mutual fund program where AFP can employ the research of various investment strategists to direct the investment of client funds. FTJ Fundchoice uses the model portfolios managed by FTJ Fundchoice Investment Management, Inc. The minimum initial account size for this program is \$25,000; exceptions are permitted with approval by a principal of AFP. Please consult the FTJ Fundchoice Brochure for more information about FTJ Fundchoice Investment Management, Inc.

Horizon Advisory Account

The Horizon Advisory Account uses the model portfolios managed by Horizon Investment Management, Inc. The minimum initial account size for this program is \$100,000; exceptions are permitted with approval by a principal of AFP. Please consult the Horizon Brochure for more information about Horizon Investment Management, Inc.

Please see the section entitled "Fees and Compensation" for more information on fees, billing procedures, compensation and other costs. For more information on trading, brokerage and custodial services please see the "Brokerage Practices" section.

4) Unified Managed Account through Placemark

The Unified Managed Account Program (UMAX) uses the platform provided by Placemark Investments, LLC through TD Ameritrade. The Account allows the client access to a suite of separately managed strategies, exchange traded funds and mutual funds. The minimum initial account size for this program is \$100,000; exceptions are permitted with approval by a principal of AFP. In addition to this brochure, you should receive the Placemark Investments, LLC ADV Part 2A disclosure brochure for more information about Placemark.

SEPARATELY MANAGED ACCOUNTS PROGRAM

The Separately Managed Accounts (SMA) Program is provided by personal advisors of AFP to meet the investment management and asset allocation needs of clients. Your personal advisor will obtain the necessary financial data from you; assist you in determining the suitability of the account; and assist you in establishing appropriate investment objectives that are specific to your account. The personal advisor will then assist you in selecting a third party manager. This is a discretionary program. Buy and sell decisions will be made by the third party manager in the SMA Program accounts without consulting you for any trades.. Your personal advisor and AFP will monitor the third party managers for suitability, performance, and compliance as it relates to your account. Please consult the third party manager's brochure for more information about their methods, costs, fees, risks, etc.

Managers currently available through the SMA program:

- Advisor Capital Management
- Astor
- Brinker Capital
- BTS Asset Management
- Capital Management Group
- Capstone
- Churchill
- Clark Capital
- CLS Investment
- Confluence
- Curian Capital
- Dimension Investment Group
- Envestnet
- F.I.R.M.
- First Mercantile
- Flexible Plan
- Genworth Asset Management
- Global Bridge
- Hanlon Investment Management
- Harvest
- Heritage Capital
- ITS
- LVM Capital
- Manning & Napier
- Martin Investments
- Morningstar
- MRM
- Pacific Financial Group
- Steele Capital Management
- Strategic Investment Strategies
- SWAN
- Symmetry
- The Elements Group
- Toews Corporation
- WBI
- Wealthcare

Please see the section entitled “Fees and Compensation” for more information on fees, billing procedures, compensation and other costs. For more information on trading, brokerage and custodial services please see the “Brokerage Practices” section.

FINANCIAL PLANNING

AFP provides various financial planning services, as listed below:

- A. A Complete Financial Plan, including recommendations as to the allocation of present financial resources among different types of assets (e.g., investments, savings, and insurance) with a view toward better correlating the assets with your financial planning objectives.
- B. A Financial Analysis designed to assist you in analyzing one or more personal financial planning goals and to supply analyses and recommendations as to the actions and strategies intended to achieve these goals and meet objectives as indicated in the following areas:
 - Business planning

- Education funding
- Retirement planning
- Life, Health, Disability, and/or Long-Term Care insurance needs
- Estate planning
- Tax planning
- Investment analysis

C. Updated Financial Plan or Analysis, reevaluate the previous plan's objectives and goals, and make recommendations for modifications to the previous plan.

D. Specific consulting service and analysis or research as requested and specified by you.

E. Quarterly portfolio analysis of assets owned by you to review the performance of the portfolio.

Fees and Compensation

Form ADV Part 2A, Item 5

Private Client Services - Fee, Billing and Refund Policy

Fees are payable monthly or quarterly and may be billed in advance of the advisory services being rendered or in arrears, depending on the advisory program selected by the client. The fee is calculated based on the assets under management at the end of the previous period as provided by the client's custodian(s) or as reported in the portfolio accounting system used by AFP.

The client will elect on the IAPA Fee Agreement to have fees deducted directly from the account, from another account or paid by check. If a client wishes to pay his or her fee by check, AFP reserves the right to charge a processing fee. As of this writing, there is no charge for payment by check. AFP also reserves the right to deduct the fee from the client's account if not paid within 60 days.

Fee Calculation:

$(\text{Account value}) \times (\text{annual fee rate}) \times (\text{number of days in the billing period}) / (\text{number of days in year})$

If the account is billed in advance, the first period's pro-rata fee will be due when funds are deposited for management and the advisory agreement is signed. Clients who are billed in advance will receive a pro-rata refund if written cancellation notice is received. The value of the refund is calculated based on the number of days remaining in the billing period.

Refund Calculation:

$(\text{Account value}) \times (\text{annual fee rate}) \times (\text{days remaining in the period after cancellation}) / (\text{number of days in the year})$

Exceptions to Fee Calculation Method

For certain clients of Ted C. Berman, the fee calculation methods differ from the methods detailed above. As agreed to on the IAPA, the advisory fee is calculated annually based upon the account value at the end of the previous year and paid in 4 quarterly installments due at the beginning of each quarter. During periods when account values are rising, clients may pay a lower fee than when using the monthly or quarterly account value calculation methods previously detailed. Conversely, during periods of declining account values, clients using the year-end account value method may pay higher fees than they would under the monthly or quarterly recalculation methods.

Percentage Fee Approach

The vast majority of AFP's advisory clients employ this fee approach, as does the investment advisory industry. Fees are determined by applying a percentage to the assets under management. Fees are negotiable, but shall not exceed the maximum annual fee set forth below in Table B.

Table B
Private Client Services
Investment Advisory Program Account
Maximum Fee Schedule - Assets Under Management

Account Value	Annual Fee
\$0 to \$250,000	2.50%
\$250,001 to \$500,000	2.25%
\$500,001 to \$1,000,000	2.00%
> \$1,000,000	1.75%

Flat Fee Approach

In certain circumstances, a flat dollar amount billed and renegotiated periodically may be appropriate for client accounts. These fees are still subject to the maximum fee schedule shown in Table B and the billing policy.

Trading Costs:

- **The Ticket Charge Approach**

There is a cost for buying and selling any security, be it a stock, mutual fund or other security. These costs are referred to as trading costs. The traditional approach to paying for one trading cost is the payment of a trading "ticket charge" or a trading commission. These ticket charges vary by custodian and the particular type of security being traded. In general, the larger the client account and the less frequent the account is traded, the traditional ticket charge approach offers a better value. A list of ticket charges is available for each custodian.

- **The Wrap Fee Approach**

The wrap fee arrangement has the trading costs bundled into an all-inclusive program fee which is so named because it "wraps" the most essential of the costs into one fee. The costs covered by the wrap fee may include the management fee, custody fee and trading costs. The total costs of the wrap fee programs are subject to the AFP maximum fee schedule shown in Table B and may be subject to a minimum fee.

For more information about the AFP Wrap Fee Program please review the AFP Wrap Fee Program brochure.

The method of payment for trading that you choose depends on a number of factors that should be discussed with the personal advisor.

See Brokerage Practices for more information on brokerage costs.

Other Fees

Other fees may also be charged by the custodian for non-investment services depending on the custodian selected and the services needed by each client (e.g., wire transfers fees, annual IRA fees, fees for checks or debit cards, etc.). These fees are summarized on fee schedules available from each custodian.

Mutual Funds and Exchange Traded Funds (ETFs) Fees

In many advisory accounts offered through AFP, mutual funds and exchange traded funds may be used. Funds have management fees, distribution and service fees (usually referred to as "12(b)1 fees") and other expenses. These fees are paid by clients as owners of these funds in addition to fees paid to AFP for investment advisory services. The 12(b)1 fees may in turn be paid out to AFP or to the brokerage/custodian. The payment of these fees to AFP constitutes conflict of interest.

"No Transaction Fee" Mutual Fund Trading

Pershing, Schwab and TD Ameritrade all offer a "no transaction fee" mutual fund list. The funds on these lists, given certain trading constraints, can be bought and sold without paying a ticket charge or trading commission. The trading constraints are typically a \$2500 minimum order and a minimum holding period of three months. If

the client holds for less than three months, a fee roughly equivalent to the total cost of a buy and sell commission is charged. Each custodian may have other constraints and these can change at any time. Please refer to brokerage firm materials for the most current and complete information.

The brokerage/custodian receives the 12(b)1 fees for these funds. The overall fee structure in the funds on these lists may be higher than comparable funds that can be bought via the ticket charge method. There are also some programs available for no transaction fee exchange trade funds (ETFs).

Clients may incur transaction costs in addition to any commissions charged by their broker-dealer when securities traded over-the-counter are effected on their behalf through the broker-dealer on an agency basis. Broker custody of client assets may limit or eliminate AFP's ability to obtain best price and execution of transactions in over-the-counter securities.

Exceptions to the Fee, Billing and Refund Policy

Formula Folios

Advisory fees for the program are negotiable, but shall not exceed the maximum annual fee of 2.75%. Accounts of less than \$25,000 will be valued at a minimum of \$25,000 for purposes of fee calculation. Advisory fees are payable monthly in advance.

SEI

Advisory fees for the program are negotiable, but shall not exceed the maximum annual fee of 2.50%. Accounts of less than \$25,000 will be valued at a minimum of \$25,000 for purposes of fee calculation. Accounts in the Strategic Program of less than \$100,000 will be valued at a minimum of \$100,000 for purposes of fee calculation.

Separately Managed Accounts Program - Fee, Billing and Refund Policy

Each third party management firm recommended in the SMA Program has its own disclosure brochure. In the brochures, all of the billing policies are disclosed. Please refer to that brochure for specific information about that program manager and program.

The maximum fee on any of the third party asset management programs is 3.0% of assets per year. A portion of the fee collected from your account, using any of the third party managers, will be paid to AFP as compensation for its role as a solicitor

Financial Planning Services – Fee, Billing and Refund Policy

Fee, Billing and Refund Policy:

Fees for Financial Planning Services can be billed as an hourly fee or a flat fee, negotiable based on the services rendered and the personal advisor(s) providing the service. AFP's maximum hourly fee is \$250 per hour. No fee deposit exceeding \$1200 for a period of six months or more in advance can be collected prior to rendering services. Fees may also be collected as time is expended on the engagement or upon its completion. A maximum fee is typically cited in the Financial Planning Agreement.

Conflicts of Interest

Private Client Services

Pershing shares a portion of ticket charges (trading commissions) and IRA fees with Ausdal Financial Partners. These sources of revenue to Ausdal constitute a conflict of interest and may result in additional business being directed to Pershing.

AFP owns less than 5% of Probabilities Fund Management ("PFM"); therefore, AFP may financially benefit from fees paid to PFM. This is a conflict of interest.

Separately Managed Accounts

In a limited number of cases, a "load variable annuity" is purchased by a personal advisor with the intent of using the SMA Program. In these cases, the personal advisor and AFP do not charge a fee for a period of

three years. This reduced fee reflects the compensation paid via the “load”. The SMA Program manager selected by the client is still paid a fee for their services as they receive none of the “load”.

Most of the new advisory business is conducted with “no load” advisory annuity products. These annuities generally have no sales charge, surrender charge or “load”; these are well suited to advisory arrangements.

Financial Planning

AFP believes that performing financial planning is a distinct and separate service from the placement of investments. Personal advisors will likely recommend the use of securities and insurance products that are offered and sold through AFP in its plans. Such recommendations may constitute a conflict of interest because AFP and the personal advisor would receive fees for financial planning and commissions when AFP is used to execute securities or insurance transactions.

Clients are not required to execute any transactions through AFP. Clients are free to execute the recommendations in the plans in any way and anywhere they see fit. As a matter of interest, while not every recommendation in every plan is always followed, most are implemented through the AFP advisory rep and the client becomes a securities or advisory client of AFP.

Additional Conflicts of Interest

12(b)1 Fees

Most mutual funds charge a marketing and service fee to brokerage/custodian or broker-dealers. This fee is called a 12(b)1 fee. This fee is generally about one quarter of one percent per year (0.25%). In some cases, these fees can be passed thru to the broker-dealer and on to the personal advisor. Receipt of 12(b)1 by AFP for using one fund rather than using another fund that does not pay the fee to AFP may constitute a conflict of interest.

Variable annuities also typically charge a fee similar to a 12(b)1 fee. These fees are usually passed on to AFP as well.

Custodian Relationships

While AFP's advisory services uses a number of custodian/brokerage relationships, AFP's primary stock trading relationship is with Pershing, LLC. Use of Pershing for advisory clients may generate additional income and may increase the volume of business done with Pershing resulting in further financial and other benefits for AFP. The use of Pershing results in AFP receiving benefits that may not be received from other clearing firms. This is a conflict of interest. While AFP offers other trading relationships to advisors and clients, AFP believes that significant benefits to clients result from the close relationship with Pershing. Extremely responsive service and greater flexibility in resolving problem for clients are just two of these benefits. AFP believes Pershing's execution is competitive. AFP personal advisors are free to recommend any brokerage/custodian from a very competitive list of trading relationships.

AFP also maintains a custody relationship with TD Ameritrade. Given a certain volume of business, TD Ameritrade may generate additional income for AFP through the use of certain specific services. The use of TD Ameritrade results in AFP receiving benefits that may not be received with other clearing firms. This is a conflict of interest. While AFP offers other trading relationships to advisors and clients, AFP believes that other benefits to clients result from the close relationship with TD Ameritrade. Extremely responsive service and greater flexibility in resolving problem for clients are just two of these benefits. AFP believes TD Ameritrade's execution is competitive and personal advisors are free to recommend any trading relationship to clients.

Should a client wish to place a trade with another firm or change the trading relationship to another organization that is technologically and otherwise compatible with AFP, AFP will facilitate these actions to the fullest extent possible.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

AFP does not charge or accept performance based fees.

Types of Clients

Form ADV Part 2A, Item 7

AFP's Clients

More than seventy percent of AFP's clients are individuals or families. AFP manages their individual, joint, IRA, Roth IRA, IRA Rollover and trust accounts. The remaining AFP clients are corporate, pension, profit sharing, 401(k), government, trust, charity and estate accounts.

Account minimums range from as little as \$25,000 to as much as \$1,000,000. This wide range is a result of AFP's ongoing attempt to provide a variety of third party managers to meet clients' needs.

Accounts managed by AFP personal advisors through the Private Client Services Program have a minimum initial account size of \$100,000. This minimum initial amount can be waived with permission from a principal of AFP.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

The asset management approach used by most AFP personal advisors is long term and short term investing in diversified investments such as mutual funds and exchange traded funds. These funds may invest in a wide variety of different types of securities; for example, a global asset allocation fund may own many different stocks, bonds and other investments spread out around the world, or a fund can be very focused on one specific type security such as gold stocks. Because of the wide range of alternatives made available in these funds, most AFP personal advisors establish an asset allocation strategy using a number of these funds. This allocation reflects the personal advisor's investment philosophy and the information collected from the client via discussions, a collection of documents and the completion of suitability forms covered earlier in this document. The importance of getting to know the client as an investor cannot be overstated.

Some personal advisors will also include individual stocks and/or bonds in client accounts. The use of these securities in client accounts may reflect the specific requests of the client or the investment philosophy of the personal advisor. These securities are also typically held for long term or short term investing. The client can also expect these securities to be used as part of an asset allocation strategy.

As a general policy, options and the use of margin accounts are not encouraged.

Methods of Analysis

The most common methods of analysis used by personal advisors involve the evaluation of mutual funds and ETFs. The composition of a fund, the underlying philosophy of the fund, the experience and track record of fund management, the fees charged, the diversification of the holdings and other factors are considered by your personal advisor in their analysis. Most of this information is available from public sources, but some personal advisors do pay for research services to aid their efforts. Newspapers, magazines, the internet, government filings, industry websites along with other sources provide a tremendous volume of data for analysis.

Technical analysis, or "charting", is also used by a number of personal advisors to supplement fundamental and economic information as to the general trends and activities that might influence the course of investments. Most personal advisors regard themselves as long term investors. This long term bias does not preclude personal advisors from taking action to reduce risk through judicious selling if that is part of their mandate with their client. Such arrangements should be very clearly understood by both the client and personal advisor. The best way to manage risk is through proper asset allocation rather than relying on frequent buying and selling based on the short term change in any market.

Fundamental and technical analyses are used by personal advisors in the selection of individual securities. Individual stocks and bonds are not widely used by personal advisors. Those personal advisors who do use such securities each embrace specific philosophical approaches, such as value investing, high quality large cap investing, etc.

Risk of Loss - All Investment Management Programs

No investment can be made without some risk of loss. The most conservative investments risk the loss of purchasing power with virtually any amount of inflation. Most of the investments recommended by our personal advisors will carry market risk of varying degrees. There can be no guarantee of a positive outcome of any kind and neither principal nor a return of any kind is guaranteed. A thorough discussion is an important part of the service provided by the personal advisor.

Stock based investments carry stock market risk. Mutual funds, ETFs and variable annuities may contain stocks. It is important to read prospectuses and discuss these risks with the personal advisor. There are funds today that hold commodities. Commodities purchased on an "all cash" basis (rather than using borrowed money as typically done when trading futures) in funds are used as inflation hedges. While these funds, when broadly diversified, are not as volatile as the leveraged futures used by traders, there is still market risk. It is still reasonable to expect a commodities fund to be more volatile than a stock fund. Even a bond fund can carry market risk, especially when interest rates are rising. Even government or U.S. treasury bonds can fall in value. Further, some programs may use leveraged and inverse ETFs from time to time. The managers may hold these positions for longer than recommended by the corresponding ETFs prospectus. Such holdings periods may increase tracking risk and reduce the effectiveness of the strategy.

The personal advisor can explain the potential impact of a substantial market decline as well as the risks of various asset classes.

Disciplinary Information

Form ADV Part 2A, Item 9

Disciplinary Information

On June 27, 2011 Ausdal Financial Partners, Inc. discovered that certain e-mail addresses were not being retained by AFP's then third-party email vendor. AFP promptly contacted the e-mail vendor to inquire why e-mails were not being retained. Ausdal learned that the e-mail addresses at issue had not been properly set up.

AFP promptly conducted a firm-wide undertaking to ensure that all of its representatives and associated person's emails would be captured by its existing e-mail vendor's system. On a going-forward basis, AFP was also able to recapture a number of the e-mails for certain of the AFP representatives and/or associated personnel that had not been captured and retained. This was made possible because these certain individuals had maintained e-mails on their personal hard drives. AFP self-reported this issue to FINRA, in writing, on July 15, 2011. AFP changed e-mail vendors as of October 28, 2011. All AFP representatives and associated persons were required to use the new e-mail vendor's platform as of January 1, 2012. AFP representatives were advised of this requirement at the AFP annual compliance meetings held on October 20, 2011 and November 10, 2011. AFP representatives work directly with AFP's new e-mail vendor to ensure that the representatives AFP email address is set up properly and is being captured and retained by the new e-mail vendor's system. AFP, upon receiving notice from the e-mail vendor that the AFP representative's e-mail address has been set up properly and e-mails are being captured and retained, then conducts its own testing to verify that all representative e-mails are, in fact, being captured and retained.

FINRA findings - Section 17(A) of the Securities Exchange Act of 1934 and Rule 17A-4, FINRA Rule 2010, NASD Rules 2110, 3110; the firm failed to retain some e-mail correspondence related to its business as a broker-dealer for over two years. The firm began using a new third-party provider to retain its e-mails and when the provider implemented the firm's e-mail retention system, it established e-mail addresses for the firm's personnel on its server. After the initial set-up, the firm was responsible for establishing new e-mail addresses on the server for several newly registered representatives and associated personnel and therefore failed to retain the e-mails of these representatives and associated personnel. The firm was able to retrieve e-mails for some of these representatives and associated personnel after it discovered that the e-mail addresses had not been established on the server. The firm allowed its registered representatives to use their personal e-mail addresses, as long as they forwarded securities related e-mails to any of the e-mail review boxes established by the firm. However, for a period, the e-mails sent to one of these e-mail review boxes were not retained. These e-mails were deleted on a weekly basis because the review box would become full and would not accept any additional e-mails. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings and therefore the firm was censured and fined \$25,000.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Other Financial Industry Activities and Affiliations

The principal business of AFP is that of a securities broker-dealer. As such, the company is actively engaged in the business of selling securities and is compensated for these sales through the payment of commissions. AFP is a member in good standing of FINRA and has been since 1979.

Pershing, LLC, Schwab, TD Ameritrade, and Folio Institutional are all separately owned, independent from and unaffiliated with AFP.

AFP and its personal advisors are engaged in selling various insurance products through a number of different life insurance companies. The arrangements between the insurance companies and AFP are governed by standard agency contracts. Ausdal may receive compensation from advisory clients and others for the purchase of insurance products.

AFP owns less than 5% of Probabilities Fund Management, LLC. Robert B. Ausdal Jr., President and CCO of AFP serves as a consultant to the PFM investment committee, a position for which he receives no compensation. AFP may benefit financially from advisory fees paid to PFM.

Ausdal Financial Partners – Strategic Partners Program

AFP participates in joint educational and marketing efforts with select mutual funds, insurance companies, brokerage firms, investment management firms and other financial service providers. The Ausdal “Strategic Alliance Program” offers these firms exposure to AFP advisors via educational sessions and other meetings. Expenses associated with these events are funded through a fixed fee paid by partner firms. In 2013 there were 15 “Strategic Alliance” firms participating in the program with contributions ranging from \$5,000 to \$10,000 per firm. During the course of the year, partner firms were allowed:

- Business contact information for all AFP registered representatives
- Speaking Time at one AFP Quarterly Educational Meeting
- Participation in AFP’s National Sales Conference (exhibition space and speaking time)
- Booth space at various other AFP functions

In general, these partners are selected based on the popularity of the products and services with AFP’s registered representatives and advisors. In some cases, new “partners” are selected for inclusion based on AFPs assessment of the firms’ potential value to AFP, its representatives and its clients. Strategic Alliance firms are not the sole participants in Ausdal meetings and events. Many other products and services are included in Ausdal meetings and events irrespective of financial support. However, the access granted to the Strategic Alliance partners may constitute a conflict of interest. The inclusion of a firm in the program does not necessarily benefit any client and may serve only to benefit AFP and its advisors.

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

Form ADV Part 2A, Item 11

The AFP Code of Ethics is a statement provided to all covered employees and personal advisors that spells out specific rules of conduct, procedures and general principles to which all are expected to conform. These rules are more specifically related to the trading activity of AFP personnel and how that relates to the trading activity of the client. The purpose of these rules is to protect the clients’ interests and place the clients’ interests ahead of those of AFP and the personal advisors whenever securities trading is involved. In short, client trade execution comes first.

One of the issues that AFP must monitor and the client must understand is a practice called “front running”. This is the illegal practice of an employee or personal advisor placing a trade in their personal account that benefits because of client trading in the same security. Firms who trade large blocks of stocks or ETFs may move the market price of those securities up if the block is a buy order and down if it is a sell. (Front running does not apply to open end mutual fund trades because all trades get the same daily price)

While AFP does not often trade in very large blocks, every trade has the potential to move the price of a security, so AFP monitors all trading activity in the following way:

The AFP code of ethics and its procedures require those who may have the possibility of improperly using client trading information to their benefit to submit reports to the AFP compliance department. These people are referred to as “access persons” because they may have access to this kind of sensitive trading information. When first joining our firm, access persons are required to make sure that all of their personal investment account statements are turned into AFP Compliance staff. This makes AFP aware of the securities positions owned by each person at their time of hire. In addition, copies of all securities statements containing all transactions and holdings are sent to AFP by the brokerage firms/custodians to AFP for regular review by compliance officials at AFP. Failure to arrange for copies of outside brokerage accounts to be sent can result in various sanctions, ranging from administrative warnings to dismissal.

If any trading irregularity is found, the event is immediately investigated. Should a violation of the code of ethics appear to have taken place, any profit from the trade would be immediately disgorged and further sanctions will be evaluated. Including, but not limited to, dismissal and referral to regulatory authorities.

AFP will provide a copy of the AFP Code of Ethics to any client or potential client upon request.

AFP personal advisors may recommend that all or a portion of the client’s account be managed by Probabilities Fund Management, LLC through the AFP proprietary Portfolio Rehabilitation Program, through a variable annuity sub-account or through an investment in the mutual funds managed by PFM. AFP owns less than 5% of the outstanding units of PFM. and thus benefits economically from these recommendations. This is a conflict of interest. AFP carefully monitors the suitability and appropriateness of these investments in client accounts.

In certain, pre-approved situations, AFP may act as principal on certain transactions. This is done only with prior disclosure and approval from the client. AFP acting in a principal capacity creates a conflict of interest.

Brokerage Practices

Form ADV Part 2A, Item 12

How AFP Selects Brokerage/Custodial Firms

AFP employs brokerage or custody firms to hold investment accounts and execute trades on behalf of clients. The selection of a brokerage/custody firm follows conventional business logic with several factors being of primary concern. It is imperative that any firm AFP employs consistently executes trades with precision and reliability. To that end, any brokerage/custodian employed by AFP must meet recognized industry “best execution” standards. Technological capabilities are also very important to many aspects of the clearing process. Consequently, the firms that AFP partner with must have the acumen, resources and long- term commitment necessary to keep pace with technological innovation. As in almost any business, customer service is important as well. It is important that AFP business partners provide accessible, responsive support. Finally, pricing is a consideration. Any firm that AFP partners with must be able to offer their services competitively. However, it is also important to understand that poor execution, inconsistent service or inadequate systems may quickly erode any benefit that may be realized from low trading costs.

If a client requests a brokerage firm not currently on AFP's menu of firms, AFP will investigate its ability to work with that broker. Should an arrangement be economically feasible, have sufficient compatibility for technology and adequate opportunity to comply with regulations, AFP may add that brokerage to its list of firms for client use.

AFP participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. AFP receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

Private Client Services

When working with the Private Client Service program where the personal advisor acts as the account manager, three custodians/brokerage firms are available. These choices include Pershing, TD Ameritrade and Schwab. The client selects a broker to be used for his/her account from the choices offered by the personal advisor. Two of the costs involved with investing are custody and trading. The trading commission/ticket charges and custody costs can be billed as either a percentage of account value or as a per transaction charge at most broker/custody firms. See Item 5 for more information on trading costs.

Some of the products and services made available by custodian firms may benefit AFP but not directly or indirectly benefit client accounts. For example, these products or services may assist AFP in managing and administering client accounts or to help AFP manage and further develop its business. Clients should be aware that the receipt of economic benefits by AFP in and of itself creates a conflict of interest and may indirectly influence AFP's choice of custodian firms for custody and brokerage services.

AFP and custodian firms enter into separate agreements to govern the terms of the provision of some special services. Services received by AFP may or may not be received by or offered to any other independent investment advisory firms. Custodian firms provide services to AFP in its sole discretion and at its own expense. The receipt of these services by AFP may constitute a conflict of interest between the client and AFP.

Custodian firms consider the amount and profitability to their firms of the assets in, and trades placed for AFP's client accounts maintained with their respective firms. Custodian firms have the right to terminate some special services with AFP, at their sole discretion. Consequently, in order to continue to obtain the special services from custodian firms, AFP may have an incentive to recommend to its clients that their accounts be held with a particular custodian firm versus another firm. AFP's receipt of any services does not diminish its duty to act in the client's best interests, including the duty to seek best execution of trades for client accounts.

Only AFP's relationship with Pershing results in a portion of the trading commission/ticket charge being paid to AFP. The personal advisor will set a commission schedule as a part of their initial agreement with the client, which must be pre-approved by AFP. AFP may not increase trading commission rates without notifying the client at least 30 days in advance of any commission increase. This additional compensation constitutes a conflict of interest.

At TD Ameritrade and Schwab, the ticket charge/trading commission is fixed based on negotiations between AFP and the firms. At TD Ameritrade and Pershing a portion of the asset based trading fee is retained by AFP and, as a result, AFP receives additional compensation when this method is selected by the client. This additional compensation constitutes a conflict of interest. For more information on the asset based trading fee please see the Wrap Fee Brochure.

AFP may aggregate transactions for a client with other clients to improve the quality of execution. As such, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have bought or sold its proportionate share of the securities involved at the average price obtained. AFP may also aggregate rebalancing transactions for an account with other program accounts and due to the large number of accounts that may be involved, AFP may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, AFP will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

Sub-Advised Account Custodians/Brokerage Firms

Some sub-advised account custodians may have their own pre-set trading cost schedules. These costs are fixed and cannot be changed by the personal advisor or AFP. These custodians are the only choices available for certain sub-advised asset management programs.

Review of Accounts

Form ADV Part 2A, Item 13

AFP reviews accounts based upon various risk-based analyses. Reviews take into consideration multiple factors including but not limited to performance, diversification, benchmark comparison and overall suitability. Under the direction of the CCO, the reviews may be conducted by AFP compliance and other staff as assigned.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Client Referrals

AFP may pay a portion of advisory fees to non-affiliated third parties who are appropriately licensed or qualified so that they can receive such fees. Any time this takes place, a full disclosure of the payment of the solicitation fees will take place via written disclosure documents over a client signature as required under SEC rule 206(4)-3.

Other Compensation

Disclosure for Pershing Fundvest Program

AFP has entered into an arrangement with Pershing whereby Pershing pays AFP a fee based on the value of client assets invested in the Pershing FundVest funds. This is a list of approximately 3000 funds from approximately 200 fund families. Investments can be made in the Fundvest funds without paying a load or a trading commission. These funds are called no transaction fee funds. This approach is possible because the funds participating in FundVest pay Pershing fees to be on the FundVest list. The payment of this compensation constitutes a conflict of interest. Consequently, in order to continue to participate in the FundVest arrangement, AFP may have an incentive to recommend to its clients that the assets under management by AFP be held in custody with Pershing and to recommend that clients place transactions for client accounts in the FundVest funds. However, the FundVest fees are not shared with personal advisors. While AFP may have a competitive or other incentive to encourage reps to buy and hold FundVest funds over other investments for its clients' accounts, personal advisors have no incentive beyond the attraction of a no transaction fee option for their clients. Other brokerage firms/custodians (TD Ameritrade and Schwab) offer "No Transaction Fee" fund programs but do not pay AFP any fee for client participation in such programs. The payment of compensation by Pershing does not diminish AFP's duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

Disclosure for TD Ameritrade Institutional Program

AFP participates in TD Ameritrade's institutional customer program and AFP may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between AFP's participation in the program and the investment advice it gives to its clients, although AFP receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to AFP by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by AFP's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit AFP but may not benefit its client accounts. These products or services may assist AFP in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help AFP manage and further develop its business enterprise. The benefits received by AFP or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, TD Ameritrade endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt

of economic benefits by AFP or its related persons in and of itself creates a conflict of interest and may indirectly influence AFP's choice of TD Ameritrade for custody and brokerage services.

AFP receives certain additional economic benefits ("Additional Services"). These services are currently Orion Advisor Services LLC. Orion provides trading, billing and account data management services.

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

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

Custody

Form ADV Part 2A, Item 15

AFP uses non-affiliated independent third party brokerage/custodian firms. AFP is deemed to have custody under SEC rules because clients authorize the withdrawal of fees from their accounts. Our ability to make withdrawal is limited to the amount of client fees. The client's account is held by a qualified third party custodian.

AFP also has custody with regard to the securities and cash of the Real Asset Fund. In order to comply with rule 206(4)-2, the Real Asset Fund has audited financial statements prepared annually, according to Generally Accepted Accounting Principles, and distributed to its investors by April 30th of each year.

AFP may provide statements of value depending on the program the client participates in. In any case, the client will always receive a monthly or quarterly statement from the custodian. The client should always compare any correspondence or statement received from AFP to the statement received from the custodian. The account statement provided by the custodian should always be correct and be relied upon as accurate.

Investment Discretion

Form ADV Part 2A, Item 16

Private Client Services- AFP Personal Advisor as Manager

The personal advisors of AFP, through the Private Client Services Program, manage client accounts on either a discretionary or non-discretionary basis. A non-discretionary arrangement requires the client's specific permission to place each buy or sell order. Limited discretionary authority is the only discretionary authority permitted by AFP.

The discretionary authority is limited to the buying and selling of securities. This discretionary trading authority includes discretion over which securities are bought and sold and in what quantities. This trading takes place at the custodian/brokerage firm previously selected by the client at trading costs negotiated in advance when the advisory agreement was established. All other activities (e.g., withdrawals, distributions, etc.) require the approval of the client for each occurrence. The client grants limited discretionary trading authority by

completing a limited power of attorney with the custodian/brokerage selected by the client and by specifically selecting limited discretion in the AFP Investment Advisory Program Agreement.

Separately Management Account Program

In the SMA Program, as discussed previously, a third party asset manager serves as the investment advisor. AFP serves as the solicitor. The personal advisor assists the client in selecting both the manager and the investment strategy. Subsequently the personal advisor monitors the ongoing performance and continuing suitability of the third party manager and the selected investment strategy on behalf of the client. Limited discretionary trading authority is granted to the third party manager in that firm's advisory agreement. A power of attorney with the custodian/brokerage is also given by the client. The limited discretionary trading authority granted to the third party manager includes discretion over which securities are bought and sold and in what quantities. This trading takes place at the custodian/brokerage firm previously selected by the client at trading costs negotiated in advance when the advisory agreement was established. All other activities (e.g., withdrawals, distributions, etc.) require the approval of the client for each occurrence.

Voting Client Securities

Form ADV Part 2A, Item 17

AFP does not vote on client securities. Clients receive all proxy materials and other solicitations from their custodian/brokerage firms or transfer agent. If the client has a question about a particular solicitation, they can contact their personal advisor. The personal advisor can then direct the client to appropriate service teams at the firms issuing the solicitations.

Financial Information

Form ADV Part 2A, Item 18

AFP does not accept or solicit the prepayment of fees in an amount greater than \$1,200 for periods of six months or more in advance.

Requirements for State-Registered Advisers

Form ADV Part 2A, Item 19

AFP is registered with the Securities Exchange Commission, and thus Item 19 is not applicable.

Additional Information

Electronic Delivery

Upon written Client authorization, AFP may deliver any required regulatory notices and disclosures and/or correspondence via electronic mail and/or via AFP's Internet website. AFP shall have completed all delivery requirements upon the forwarding of such document, disclosure, notice and/or correspondence to the Client's last provided email address (or upon advising the Client via email that such document is available on the AFP's website). Client may, at any time, notify AFP in writing that it does not wish to receive electronic communications and instead wishes to receive paper communications.

Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure*

Ausdal Financial Partners, Inc.

5187 Utica Ridge Road
Davenport, Iowa 52807
(563) 326-2064
www.ausdal.com

This wrap fee program brochure provides information about the qualifications and business practices of Ausdal Financial Partners, Inc. If you have any questions about the contents of this brochure, please contact us at (563) 326-2064 or ausdal@ausdal.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 Ausdal Financial Partners, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Ausdal Financial Partners, Inc. is a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Updated March 2014

Item 2 - Material Changes

This section is only discussing material changes since the last annual update of this brochure. The last annual update of this brochure was February 2013.

The principal items in this brochure that are being updated are:

Main Office Change of Address

Our main office in Davenport, IA has moved to:

**5187 Utica Ridge Rd
Davenport, IA 52807**

This is reflected in our update.

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Review Ausdal Financial Partners ADV Part 2A as well as this document for the most complete information.

Item 4 Services, Fees and Compensation

PRIVATE CLIENT SERVICES (“PCS”)

Under Private Client Services, your personal advisor will work with you to gather the information necessary to understand your financial position, goals and risk tolerance. Your personal advisor will then identify and propose an investment program to address your specific needs and objectives as identified in the client agreement.

The personal advisor will open one or more accounts on your behalf. The accounts (collectively referred to as “the account”) may include securities held in brokerage accounts and/or investments held directly with financial institutions, such as mutual funds, variable annuities, banks or trust companies.

At any time you may contact your personal advisor to discuss your account, address your questions or concerns, and discuss additional actions that may help you meet your financial goals. AFP will review the account for suitability and monitor transactions.

All securities and cash positions are registered in your name and held at separate and independent custodians.

Unless otherwise stated, the minimum initial account size for Private Client Services is \$100,000; exceptions may be permitted with approval by a principal of AFP. In all programs, either you or AFP may cancel the advisory services with written notice.

PCS clients complete an AFP New Account Form questionnaire and a Risk Profile on the Investment Advisor Program Agreement (“IAPA”). This information is used in conjunction with information gleaned from client discussions with the personal advisor to ascertain the suitability and appropriate investment objectives for each client. Notify your advisor of any changes in your personal circumstances or financial situation that may affect your investment objectives or risk tolerance.

Advisory Fees for all programs are negotiable but may not exceed the maximum fee schedule for each program. Advisory Fees are calculated and collected according to the *AFP Private Client Services - Fee, Billing and Refund Policy* as found in the ADV Part 2A Item 5 and the elections made by the client on the advisory agreement.

Table C below contains the maximum fee schedule for all programs unless otherwise indicated:

TABLE C	
PCS Maximum Annual Fee Schedule	
Assets under Management	Maximum Annual Fee
\$0 to \$250,000	2.50%
\$250,000 to \$500,000	2.25%
\$500,000 to \$1,000,000	2.00 %
\$1,000,000 and above	1.75 %

The Wrap Fee programs may cost the client more or less than purchasing such services separately. The factors that bear upon the relative cost of the program include the cost of the services if provided separately, the size of the client’s account and the specific trading activity in the client’s account.

Private Client Services Wrap Fee Programs

Within Private Client Services, the Client may choose from three types of wrap fee programs:

- 1) Investment Advisor Program Account with the personal advisor as account manager
- 2) AFP Proprietary Programs
- 3) Sub-Advisor Programs

Investment Advisory Program Account

The Investment Advisory Program Account is provided by personal advisors for use in the implementation of the investment management and asset allocation recommendations they have designed for their Clients. Your personal advisor will work with you to gather the information necessary to understand your financial position, goals and risk

tolerance. Your personal advisor will assist you in determining the suitability of the Account and establishing appropriate investment objectives that are specific to accounts identified via the client agreement. The personal advisor will assist the Client with opening one or more accounts with a custody firm approved by the client. The accounts (collectively referred to as "Account") may include brokerage accounts or accounts held directly with a mutual fund or variable annuity company.

If the personal advisor has not been given trading discretion over the account, the personal advisor will make recommendations to the client and act on the client's instructions. If the personal advisor has been specifically given trading discretion via the advisory agreement, he/she may execute trades without securing specific authorization from the client for each trade. At any time you may contact your personal advisor to discuss your account, address your questions or concerns, and discuss additional actions that may help you meet your financial goals. AFP will review the account for suitability and monitor transactions.

The Investment Advisory Program Account is managed by the Personal advisor, and as such, the Personal advisor retains most of the advisory fee based on negotiated payouts with AFP. AFP also retains a portion of the fee for trading costs and administrative costs. The personal advisor may allocate a portion of the advisory fee to another AFP personal advisor for account management.

Portfolio Rehabilitation

Portfolio Rehabilitation is a dynamic managed account strategy developed to meet the needs of investors who would like to try to reduce the volatility of their investment portfolios and potentially increase the cash generated from their investments without sacrificing the opportunity for long-term growth. This program offers a full spectrum of investment objectives from current income to long term growth through a fundamental, economic-based approach. Portfolio Rehabilitation builds a fixed income portfolio in accordance with what we believe are fundamental, long-term financial principles intended to control risk and maximize cash flow. Next, we complement the fixed income allocation with strategically diversified equity investments to introduce potential for appreciation. Finally, the entire portfolio is actively managed with the goal of maximizing performance in changing economic climates. Our assessment of US economic conditions primarily drives tactical changes to our portfolio allocations. As such there may be extended periods with very low portfolio turnover, especially in our conservative growth programs.

Portfolio Rehabilitation is designed to serve as a core portfolio holding for conservative to moderately aggressive investors, depending on the program selected. The account may utilize many investment vehicles including (but not limited to) mutual funds, closed-end funds, common stocks, ETFs, individual bonds, preferred stocks, and municipal bonds to achieve its objectives. From time to time the manager may use inverse and leveraged ETF's as appropriate to the strategy selected, and may hold these positions for longer than recommended by the corresponding ETF's prospectus. Such holding periods may increase tracking risk and reduce the effectiveness of the strategy. This is an inherent risk of Portfolio Rehabilitation management.

In addition to the original more defensively designed "Portfolio Rehabilitation" models (Gold, Platinum, and Growth & Income), three models are available to accommodate more growth oriented investors (Gold Probabilities, Platinum Probabilities, and Aggressive Probabilities). These programs have more emphasis on equities and less on fixed income than our more conservative accounts. Probabilities Fund Management, an independent investment advisory firm, provides securities positions to the management of Portfolio Rehabilitation for investment in a Growth Sleeve which is coupled with the original PR structure. Probabilities Fund Management is owned and operated by Joseph Childrey, who is also a Registered Representative and Investment Advisor Representative of Ausdal Financial Partners, Inc.

The portion of client assets invested in the Growth Sleeve depends on which of the "Probabilities Models" are selected for each particular client. The moderate risk Probabilities Models, "PR Gold Probabilities" and "PR Platinum Probabilities", use identical strategies and identical strategy splits (70% Original PR, 30% Growth Sleeve). The difference between these two moderate models is the account minimums and the type of securities used. The third and most aggressive model is called "PR Probabilities Aggressive". The strategy split in "PR Aggressive Probabilities" is 50% Original PR and 50% Growth Sleeve.

The PR Probabilities models are designed to potentially achieve substantially higher returns than the more conservative predecessors, e.g., Portfolio Rehabilitation Gold, Platinum and Growth & Income. The Probabilities model will cause client accounts to be more than 100% exposed to financial markets (total exposure to equities and bonds) when fully invested. This is due to the use of leveraged ETFs in the Probabilities accounts. The "PR Gold Probabilities" and "PR Platinum Probabilities" accounts may have up to ~ 115% exposure to equities (up to ~150% to financial markets) when

fully invested. The most aggressive program “PR Aggressive Probabilities”, when fully invested, may have up to ~165% exposed to equities financial markets (up to 200% to financial markets).

Portfolio Rehabilitation advisory fee is subject to the maximum fee schedule above. The Accounts are managed by AFP personnel. The advisory fee includes a maximum .75 % paid to AFP for management of the account. AFP may pay a portion of the management fee to Probabilities Fund Management, Inc. for use of the Probabilities Models, currently a maximum of .63% of assets in the Probabilities Models. AFP also retains a portion of the advisory fee for trading costs and administrative costs.

Sub-Advisors:

- **Formula Folios Advisory Account**

Formula Folios uses the model portfolios managed by Retirement Wealth Advisors, Inc. The minimum initial account size for this program is \$25,000; exceptions are permitted with approval by a principal of AFP. Accounts of less than \$25,000 will be valued at a minimum of \$25,000 for purposes of fee calculation. Please consult the Retirement Wealth Advisors brochure for more information about Retirement Wealth Advisors, Inc. Advisory Fees for the FormulaFolios Advisory Account are negotiable, but shall not exceed the maximum annual fee of 2.75%. The advisory fee includes a maximum 1.00% fee paid to RWA for the use of the FormulaFolios models and a maximum .30% fee paid to Folio Institutional for custodial and clearing services. The remainder of the fee is retained by AFP and the personal advisor.

- **Zacks Advisory Account**

The Zacks program uses the model portfolios managed by Zacks Investment Management. The minimum initial account size for this program is \$100,000; exceptions are permitted with approval by a principal of AFP. Accounts of less than \$100,000 will be valued at a minimum of \$100,000 for purposes of fee calculation. Please consult the Zacks brochure for more information about Zacks Investment Management, Inc. Advisory Fees for the program are negotiable, but shall not exceed the maximum annual fee of 2.50%. The advisory fee includes a maximum .75% fee paid to Zacks for the use of the models and a maximum of .30% paid to Folio Institutional for custodial and clearing services. The remainder of the fee is retained by AFP and the personal advisor.

- **Horizon Advisory Account**

The Horizon Advisory Account uses the model portfolios managed by Horizon Investment Management, Inc. The minimum initial account size for this program is \$100,000; exceptions are permitted with approval by a principal of AFP. Please consult the Horizon Brochure for more information about Horizon Investment Management, Inc. The Horizon Advisory Account advisory fee is subject to the maximum fee schedule above. The advisory fee includes a maximum of .50% paid to Horizon Investment Management, Inc. for asset management. AFP also retains a portion of the advisory fee for trading costs and administrative costs. The remainder of the fee is retained by AFP and the Personal advisor.

- **VESTOR Advisory Account**

The VESTOR Advisory Account is provided by personal advisors of AFP. VESTOR uses the model portfolios managed by VESTOR Investment Management, Inc. The minimum initial account size for this program is \$150,000; exceptions are permitted with approval by a principal of AFP. Please consult the VESTOR Brochure for more information about VESTOR Investment Management, Inc. The Vestor Advisory Account advisory fee is subject to the maximum fee schedule above. The advisory fee includes a maximum of .70% paid to Vestor Investment Management, Inc. for asset management. AFP also retains a portion of the advisory fee for trading costs and administrative costs. The remainder of the fee is retained by AFP and the Personal advisor.

- **Brandes Advisory Account**

The Brandes Advisory Account uses the model portfolios managed by Brandes Investment Management, Inc. The minimum initial account size for this program is \$100,000; exceptions are permitted with approval by a principal of AFP. Please consult the Brandes Brochure for more information about Brandes Investment Management, Inc. The Brandes Advisory Account advisory fee is subject to the maximum fee schedule above. The advisory fee includes a maximum of .95% paid to Brandes Investment Management, Inc. for asset management. AFP also retains a portion of the advisory fee for trading costs and administrative costs. The remainder of the fee is retained by AFP and the Personal advisor.

- **SEI Advisory Account**

SEI INVESTMENTS provides various investment programs where AFP can employ the research of investment strategists to direct the investment of client funds. The minimum initial account size for the Tactical program is \$25,000; exceptions are permitted with approval by a principal of AFP. Accounts of less than \$25,000 will be valued at a minimum of \$25,000 for purposes of fee calculation. The minimum initial account size for the Strategic Program is \$100,000; exceptions are permitted with approval by a principal of AFP. Accounts of less than \$100,000 will be valued at a minimum of \$100,000 for purposes of fee calculation. Advisory Fees for the program are negotiable, but shall not exceed the maximum annual fee of 2.50%. The advisory fee includes a maximum of .75% fee paid to SEI for the use of the SEI models and a maximum of .35% paid to Trust Company of America for custodial and clearing services. The remainder of the fee is retained by AFP and the Personal advisor.

Additional Fee Disclosures

These programs may cost the client more or less than purchasing such services separately. The factors that bear upon the relative cost of the program include the cost of the services if provided separately, the size of the client's account and the specific trading activity in the client's account.

In addition to the wrap fee, the client may be required to pay mutual fund expenses. AFP may also receive a portion of the mutual fund fees paid by clients depending on the funds and the custodian selected. The client may also pay mark-ups, mark-downs, or spreads to market makers from whom some securities were obtained by AFP when such circumstances making these fees necessary exist.

In the cases where the personal advisor has elected to pay the transaction costs in order to create the wrap fee, a conflict of interest exists.

AFP compensates its personal advisors with a portion of the advisory fee paid by the client which may be more than what the Personal advisor would receive if the client participated in other programs of AFP or paid separately for investment advice, brokerage, and other services. The Personal advisor, therefore, has a financial incentive to recommend the program over other programs or services. Some portion of this compensation is paid for bringing the client to AFP. In addition, AFP may pay a portion of advisory fees to non-affiliated third parties who are appropriately licensed or qualified so that they can receive such fees. Any time this takes place, a full disclosure of the payment of the fees will take place via written disclosure documents over a client signature.

AFP participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. AFP receives some benefits from TD Ameritrade through its participation in the program.

Appendix 1, Item 5

Item 5 Account Requirements and Types of Clients

AFP generally provides investment advice to individuals; pension and profit sharing plans; trusts, estates or charitable organizations; and corporations or other types of business entities.

Account minimums vary by advisory program, but minimums can be waived given specific permission from a principal of AFP. See Item 4 above for specific program minimums.

Appendix 1, Item 6

Item 6 Portfolio Manager Selection and Evaluation

Investment Advisory Program Account Portfolio Rehabilitation Advisory Account

The portfolio managers for the Investment Advisory Program Account and the Portfolio Rehabilitation Advisory Account are investment advisory representatives of AFP. AFP requires all persons giving investment advice to hold a Series 63

and Series 65 license (in conjunction) or a Series 66 license or acceptable designation as accepted by regulatory authorities, (CFP, etc.).

Performance information is not calculated on a uniform or consistent basis for the above accounts, therefore AFP does make available portfolio manager performance information, nor does any affiliated third party review such information.

Sub-Advisor Accounts:

The portfolio managers for the AFP Sub-Advisor Programs are investment advisory firms contracted by you the client and AFP. The managers are screened by AFP for past performance, selected investment vehicles, volatility, manager experience and other factors AFP considers appropriate depending on the manager and the their methodology.

Performance information is provided to clients for above referenced accounts on a quarterly basis either online, on paper or both. The return information reflects only the performance of the client's accounts.

Appendix 1, Item 7

Item 7 Client Information Provided to Portfolio Managers

Information about the clients is obtained by the Personal advisor, including but not limited to: name, address, occupation, net worth, income, and investment objectives. At least annually the client is contacted in writing requesting that they update this information for AFP. In addition, the Personal advisor managing/servicing the client portfolio maintains contact with the client and keeps relevant information updated. If AFP receives information that reflects a change in client circumstances, this information is used in advising the client about maintaining or changing their portfolio or sub-advisor. If a sub-advisor is being used this information is also passed on to the sub-advisor.

Appendix 1, Item 8

Item 8 Client Contact with Portfolio Managers

There are no restrictions on clients to contact and consult with portfolio managers.

Appendix 1, Item 9

Item 9 Additional Information

Disciplinary Information

On June 27, 2011 Ausdal Financial Partners, Inc. (Ausdal) discovered that certain e-mail addresses were not being retained by AFP's then third-party email vendor. Ausdal promptly contacted the e-mail vendor to inquire why e-mails were not being retained. Ausdal learned that the e-mail addresses at issue had not been properly set up.

AFP promptly conducted a firm-wide undertaking to ensure that all of its representatives and associated person's emails would be captured by its existing e-mail vendor's system. On a going-forward basis, AFP was also able to recapture a number of the e-mails for certain of the AFP representatives and/or associated personnel that had not been captured and retained. This was made possible because these certain individuals had maintained e-mails on their personal hard drives. AFP self-reported this issue to FINRA, in writing, on July 15, 2011. AFP changed e-mail vendors as of October 28, 2011. All AFP representatives and associated persons were required to use the new e-mail vendor's platform as of January 1, 2012. AFP representatives were advised of this requirement at the AFP annual compliance meetings held on October 20, 2011 and November 10, 2011. AFP representatives work directly with AFP's new e-mail vendor to ensure that the representatives AFP email address is set up properly and is being captured and retained by the new e-mail vendor's system. AFP, upon receiving notice from the e-mail vendor that the AFP representative's e-mail address has been set up properly and e-mails are being captured and retained, then conducts its own testing to verify that all representative e-mails are, in fact, being captured and retained.

FINRA findings - Section 17(A) of the Securities Exchange Act of 1934 and Rule 17A-4, FINRA Rule 2010, NASD Rules 2110, 3110; the firm failed to retain some e-mail correspondence related to its business as a broker-dealer for over two years. The firm began using a new third-party provider to retain its e-mails and when the provider implemented the firm's

e-mail retention system, it established e-mail addresses for the firm's personnel on its server. After the initial set-up, the firm was responsible for establishing new e-mail addresses on the server for several newly registered representatives and associated personnel and therefore failed to retain the e-mails of these representatives and associated personnel. The firm was able to retrieve e-mails for some of these representatives and associated personnel after it discovered that the e-mail addresses had not been established on the server. The firm allowed its registered representatives to use their personal e-mail addresses, as long as they forwarded securities related e-mails to any of the e-mail review boxes established by the firm. However, for a period, the e-mails sent to one of these e-mail review boxes were not retained. These e-mails were deleted on a weekly basis because the review box would become full and would not accept any additional e-mails. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings and therefore the firm was censured and fined \$25,000.

Other Financial Industry Activities and Affiliations

The principal business of AFP is that of a securities broker-dealer. As such, the company is actively engaged in the business of selling securities and is compensated for these sales through the payment of commissions. AFP is a member in good standing of FINRA and has been since 1979.

Pershing, LLC, Schwab, TD Ameritrade, and Folio Institutional are all separately owned, independent from and unaffiliated with AFP.

AFP and its personal advisors are engaged in selling various insurance products through a number of different life insurance companies. The arrangements between the insurance companies and AFP are governed by standard agency contracts. Ausdal may receive compensation from advisory clients and others for the purchase of insurance products.

AFP owns less than 5% of Probabilities Fund Management, LLC. Robert B. Ausdal Jr., President and CCO of AFP serves as a consultant to the PFM investment committee, a position for which he receives no compensation. AFP may benefit financially from advisory fees paid to PFM.

Ausdal Financial Partners – Strategic Partners Program

AFP participates in joint educational and marketing efforts with select mutual funds, insurance companies, brokerage firms, investment management firms and other financial service providers. The Ausdal "Strategic Alliance Program" offers these firms exposure to AFP advisors via educational sessions and other meetings. Expenses associated with these events are funded through a fixed fee paid by partner firms. In 2013 there were 15 "Strategic Alliance" firms participating in the program with contributions ranging from \$5,000 to \$10,000 per firm. During the course of the year, partner firms were allowed:

- Business contact information for all AFP registered representatives
- Speaking Time at one AFP Quarterly Educational Meeting
- Participation in AFP's National Sales Conference (exhibition space and speaking time)
- Booth space at various other AFP functions

In general, these partners are selected based on the popularity of the products and services with AFP's registered representatives and advisors. In some cases, new "partners" are selected for inclusion based on AFP's assessment of the firms' potential value to AFP, its representatives and its clients. Strategic Alliance firms are not the sole participants in Ausdal meetings and events. Many other products and services are included in Ausdal meetings and events irrespective of financial support. However, the access granted to the Strategic Alliance partners may constitute a conflict of interest. The inclusion of a firm in the program does not necessarily benefit any client and may serve only to benefit AFP and its advisors.

Code of Ethics

The AFP Code of Ethics is a statement provided to all covered employees and personal advisors that spells out specific rules of conduct, procedures and general principles to which all are expected to conform. These rules are more specifically related to the trading activity of AFP personnel and how that relates to the trading activity of the client. The purpose of these rules is to protect the clients' interests and place the clients' interests ahead of those of AFP and the personal advisors whenever securities trading is involved. In short, client trade execution comes first.

One of the issues that AFP must monitor and the client must understand is a practice called "front running". This is the illegal practice of an employee or personal advisor placing a trade in their personal account that benefits because of

client trading in the same security. Firms who trade large blocks of stocks or ETFs may move the market price of those securities up if the block is a buy order and down if it is a sell. (Front running does not apply to open end mutual fund trades because all trades get the same daily price)

While AFP does not often trade in very large blocks, every trade has the potential to move the price of a security, so AFP monitors all trading activity in the following way:

The AFP code of ethics and its procedures require those who may have the possibility of improperly using client trading information to their benefit to submit reports to the AFP compliance department. These people are referred to as "access persons" because they may have access to this kind of sensitive trading information. When first joining our firm, access persons are required to make sure that all of their personal investment account statements are turned into AFP Compliance staff. This makes AFP aware of the securities positions owned by each person at their time of hire. In addition, copies of all securities statements containing all transactions and holdings are sent to AFP by the brokerage firms/custodians to AFP for regular review by compliance officials at AFP. Failure to arrange for copies of outside brokerage accounts to be sent can result in various sanctions, ranging from administrative warnings to dismissal.

If any trading irregularity is found, the event is immediately investigated. Should a violation of the code of ethics appear to have taken place, any profit from the trade would be immediately disgorged and further sanctions will be evaluated. Including, but not limited to, dismissal and referral to regulatory authorities.

AFP will provide a copy of the AFP Code of Ethics to any client or potential client upon request.

Other Conflicts of Interest

AFP personal advisors may recommend that all or a portion of the client's account be managed by Probabilities Fund Management, LLC through the AFP proprietary Portfolio Rehabilitation Program, through a variable annuity sub-account or through an investment in the mutual funds managed by PFM. AFP owns less than 5% of the outstanding units of PFM, and thus benefits economically from these recommendations. This is a conflict of interest. AFP carefully monitors the suitability and appropriateness of these investments in client accounts.

In certain, pre-approved situations, AFP may act as principal on certain transactions. This is done only with prior disclosure and approval from the client. AFP acting in a principal capacity creates a conflict of interest.

AFP participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. AFP receives some benefits from TD Ameritrade through its participation in the program. (Please see additional information below.)

AFP personal advisors will assist the client in selecting a custodian at which assets will be held. AFP and custodian firms enter into separate agreements to govern the terms of the provision of some special services. Services received by AFP may or may not be received by or offered to any other independent investment advisory firms. Custodian firms provide services to AFP in its sole discretion and at its own expense. The receipt of these services by AFP may constitute a conflict of interest between the client and AFP.

AFP's relationship with Pershing results in a portion of the trading commission/ticket charge being paid to AFP. The personal advisor will set a commission schedule as a part of their initial agreement with the client, which must be pre-approved by AFP. AFP may not increase trading commission rates without notifying the client at least 30 days in advance of any commission increase. This additional compensation constitutes a conflict of interest.

At TD Ameritrade and Schwab, the ticket charge/trading commission is fixed based on negotiations between AFP and the firms. At TD Ameritrade and Pershing a portion of the asset based trading fee is retained by AFP and, as a result, AFP receives additional compensation when this method is selected by the client. This additional compensation constitutes a conflict of interest.

Supervisory Review of Accounts

AFP reviews accounts based upon various risk-based analyses. Reviews take into consideration multiple factors including but not limited to performance, diversification, benchmark comparison and overall suitability. Under the direction of the CCO, the reviews may be conducted by AFP compliance and other staff as assigned.

Client Referrals

AFP may pay a portion of advisory fees to non-affiliated third parties who are appropriately licensed or qualified so that they can receive such fees. Any time this takes place, a full disclosure of the payment of the solicitation fees will take place via written disclosure documents over a client signature as required under SEC rule 206(4)-3.

Other Compensation

Disclosure for Pershing FundVest Program

AFP has entered into an arrangement with Pershing whereby Pershing pays AFP a fee based on the value of client assets invested in the Pershing FundVest funds. This is a list of approximately 3000 funds from approximately 200 fund families. Investments can be made in the Fundvest funds without paying a load or a trading commission. These funds are called no transaction fee funds. This approach is possible because the funds participating in FundVest pay Pershing fees to be on the FundVest list. The payment of this compensation constitutes a conflict of interest. Consequently, in order to continue to participate in the FundVest arrangement, AFP may have an incentive to recommend to its clients that the assets under management by AFP be held in custody with Pershing and to recommend that clients place transactions for client accounts in the FundVest funds. However, the FundVest fees are not shared with personal advisors. While AFP may have a competitive or other incentive to encourage reps to buy and hold FundVest funds over other investments for its clients' accounts, personal advisors have no incentive beyond the attraction of a no transaction fee option for their clients. Other brokerage firms/custodians (TD Ameritrade and Schwab) offer "No Transaction Fee" fund programs but do not pay AFP any fee for client participation in such programs. The payment of compensation by Pershing does not diminish AFP's duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

Disclosure for TD Ameritrade Institutional Program

AFP participates in TD Ameritrade's institutional customer program and AFP may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between AFP's participation in the program and the investment advice it gives to its clients, although AFP receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to AFP by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by AFP's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit AFP but may not benefit its client accounts. These products or services may assist AFP in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help AFP manage and further develop its business enterprise. The benefits received by AFP or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, TD Ameritrade endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by AFP or its related persons in and of itself creates a conflict of interest and may indirectly influence AFP's choice of TD Ameritrade for custody and brokerage services.

AFP receives certain additional economic benefits ("Additional Services"). These services are currently Orion Advisor Services LLC. Orion provides trading, billing and account data management services.

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

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

Electronic Delivery

Upon written Client authorization, AFP may deliver any required regulatory notices and disclosures and/or correspondence via electronic mail and/or via AFP's Internet website. AFP shall have completed all delivery requirements upon the forwarding of such document, disclosure, notice and/or correspondence to the Client's last provided email address (or upon advising the Client via email that such document is available on the AFP's website). Client may, at any time, notify AFP in writing that it does not wish to receive electronic communications and instead wishes to receive paper communications.

Appendix 1, Item 10

Item 10 Requirements for State-Registered Advisors

AFP is a registered investment adviser with the SEC; therefore, this section is not applicable.