

Ausdal Financial Partners

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FORM ADV PART 2
BROCHURE
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This brochure provides information about the qualifications and business practices of Ausdal Financial Partners, the Adviser. If you have any questions about the contents of this brochure, please call Rick Prunty at 630-869-0207 or rickprunty@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 the Ausdal Financial Partners is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for the Adviser is 7995.

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

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Advisory Business

Form ADV Part 2A, Item 4

Ausdal Financial Partners was founded in 1979 as a securities broker/dealer firm. Ausdal began investment advisory activities as a registered investment advisor in 2005. As a registered investment advisory firm Ausdal supervises representatives who provide a variety of services for their clients. Ausdal is a closely held corporation with thirteen shareholders; no one shareholder owns 25% or more of the corporate stock.

Ausdal Financial Partners (AFP) offers a number of different services. These can be divided in to three categories. The first category is investment account management performed by an personal advisor of AFP. This service is called "Private Client Services." The second category is investment account management performed by a third party investment account manager. This service is called, "Separately Managed Account Program." The third category is financial planning services which are performed by an personal advisor of AFP.

Private Client Services – Your Personal Advisor Manages Your Account

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

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

If the Personal advisor has been granted permission to trade at their 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 Personal advisor will contact you periodically to discuss your account and address your questions or concerns and discuss additional actions that may help you meet their financial goals. Ausdal Financial Partners, Inc (AFP) will review the account for suitability and monitor transactions.

Account trades may be placed through AFP, a FINRA member broker-dealer. All securities and cash positions are registered in your name and held at separate and independent custodians.

The minimum initial account size for the Private Client Services is \$100,000; exceptions may be permitted with approval of a principal of AFP. Either you or AFP may cancel the advisory services with 30 days written notice.

Suitability

New clients complete an Ausdal New Account Form questionnaire and if the assets will be managed by an Ausdal Personal advisor, a Risk Profile on the Investment Advisory Program Agreement. This information is

used in conjunction with information gleaned from client discussions with the Representative to ascertain the suitability and appropriate investment objectives for each client. You is contacted at least annually to alert them to advise Ausdal of any changes in their personal circumstances or financial situation that may affect their investment situation, risk tolerances or objectives.

Account Restrictions

Clients may impose restrictions on their account to avoid certain specific investments or a particular type of security. These restrictions are noted on your IAPA agreement. In some cases, "socially responsible" mutual funds can be used help a client meet their needs.

Ausdal Wrap Fee Program

AFP offers the Ausdal Wrap Fee Program to serve clients who want to have the costs of custody, trading and investment advice wrapped into one single fee. These wrapped Private Client Services accounts are custodied at TD Ameritrade. Accounts available through the wrap fee programs are not managed differently from accounts managed in non-wrap accounts. At the time of this writing, the wrap fee structure does make it possible to manage smaller accounts in some programs; for example companion accounts such as spousal IRA, etc.

In the wrap fee programs provided through TD Ameritrade Ausdal Financial Partners doe "mark up" the basis point trading costs. The value of this "mark up" is retained by AFP. The maximum amount of this markup is .08% (8/100th of one percent) of account value.

For a complete explanation of Ausdal Financials Wrap Fee Program please the Wrap Fee Disclosure Brochure.

Trading Authority

The personal advisors of AFP, through the Private Client Services Program, offer to manage client accounts on either a discretionary or non-discretionary basis. The discretionary authority is limited to the buying and selling of securities within a clients account. All other activities, in your account require your additional prior approval. Examples of these other services include withdrawals, distributions, bank wires, etc.

As of January 31, 2011, Ausdal's account authorizations were as follows:

AUTHORITY	Number of Accounts	Value of Accounts
Discretionary Accounts	1971	\$201,747,846
Non-Discretionary Accounts	464	\$108,425,571
Total Accounts	2435	\$310,173,417

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 wild fluctuations in the value of their investment portfolios and increase the cash generated from their investments without sacrificing the opportunity for long-term growth. This program emphasizes current income and stability through a fundamental, economic-based approach. While the program focuses on income generation, it moves beyond the “buy and hold” approach typically associated with many bond portfolios. Instead, Portfolio Rehab 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.

Portfolio Rehabilitation is designed to serve as a core portfolio holding and as such can be appropriate for all but the most conservative and/or time constrained accounts. 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.

Q-Core 401 (k) Investment Advisory Service

AFP offers discretionary 401(k) account management service to participants in certain 401 (k) plans. Participants in these 401 (k) plans may agree to have their personal 401(k) accounts asset allocation managed by *AFP*. Fees are billed directly to you monthly in arrears.

Ausdal Sub-Advised Program

Introduction

The Ausdal Sub-Advised Program is comprised of a group of third party managers permitted by Ausdal to manage client accounts under the Ausdal name. In many cases a sub-advisor relationship is the only way the managers can be employed. These managers prefer to play the role of strategist and provide only trading instructions leaving Ausdal responsible for most of the other duties, especially compliance and regulatory duties. In other cases, employing the managers in this way allows us to offer the services to our clients with lower minimum account sizes.

At times even our personal advisors, such as your personal advisor, confuse the Ausdal Sub-Advised Program managers with the Separately Managed Account Program managers. The managers in both Programs are third party managers. The Separately Managed Accounts Program will be explained in more detail later in this document. Suffice it to say our compliance and regulatory burden is considerably higher with the Sub-Advised Program than it is with the Separately Managed Accounts. So when a manager is used in our Sub-Advised Program, there is an important reason for it.

All accounts managed in the Sub-Advised Program are discretionary accounts. The manager 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 the client agreement. All securities and cash positions are held at the custodian firm in an

account appropriately registered in your name at a qualified third party brokerage firm/custodian. Ausdal Financial Partners, Inc. will monitor the account activity for suitability and compliance.

Formula Folios

The Formula Folios Advisory Account is provided by Personal advisors (*Personal advisor*) of Ausdal Financial Partners, Inc. (AFP). FormulaFolios uses the model portfolios managed by Retirement Wealth Advisors, Inc. (RWA). The minimum initial account size for this program is \$25,000; exceptions are permitted with approval by a Principal of AFP.

Zacks Sub-Advised Program

The Zacks Investment Management Advisory Account is provided by Personal advisors (*Personal advisor*) of Ausdal Financial Partners, Inc. (AFP). The 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.

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 (*Personal advisor*) of Ausdal Financial Partners, Inc. (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.

QFA Advisory Account

The QFA Advisory Account is provided by Personal advisors (*Personal advisor*) of Ausdal Financial Partners, Inc. (AFP). QFA uses the model portfolios managed by QFA Investment Management, Inc. The minimum initial account size for this program is \$50,000; exceptions are permitted with approval by a principal of AFP. Please consult the QFA Brochure for more information about QFA Investment Management, Inc.

FTJFUNDCHOICE Advisory Account

FTJFUNDCHOICE provides a mutual fund program where AFP can employ the research of various investment strategists to direct the investment of client funds. FTJFUNDCHOICE uses the model portfolios managed by FTJFUNDCHOICE 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 FTJFUNDCHOICE Brochure for more information about FTJFUNDCHOICE Investment Management, Inc.

HORIZON Advisory Account

The HORIZON Advisory Account is provided by Personal advisors (*Personal advisor*) of Ausdal Financial Partners, Inc. (AFP). HORIZON 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.

Separately Managed Accounts Program

The Separately Managed Accounts Program (SMA) are provided by Personal advisors (*Personal advisor*) of Ausdal Financial Partners, Inc. (AFP) to meet the investment management and asset allocation needs of their *Clients*. *Personal advisor* will obtain the necessary financial data from *Client*; assist *Client* in determining the suitability of the *Account* and assist *Client* in establishing appropriate investment objectives that are specific to this account. The *Personal advisor* will then assist the client in selecting a third party manager. This is a discretionary program. Buy and sell decisions will be made in these accounts without consulting the client for any trades. 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 the client using any of the third party managers will be paid to AFP *as compensation for its role as a solicitor*. Your Personal Advisor and Ausdal Financial Partners, Inc. will monitor the third party managers for suitability, performance, and compliance as it relates to client accounts. Please consult the third party manager's Brochure for more information about their methods, costs, fees, risks, etc. This Brochure should be provided by your Personal Advisor and should be in a similar format the document you are now reading.

Separately Managed Accounts Program - List of Management Firms

Brinker, BTS Asset Management, Capstone, Clark Capital, Curian, Elements Financial FIRM, Flexible Plan, Genworth Asset Management, GlobalBridge, Heritage Capital, LVM Capital, Morningstar, MRM, Pacific Financial Group, Strategic Investment Strategies, Symmetry, Toews Corporation, 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.

INVESTMENT ADVICE THROUGH CONSULTATION **Financial Planning**

Ausdal Financial Partners (AFP) provides various financial planning services listed below:

- A. A Complete Financial Plan, including recommendations as to the allocation of present financial resources among different types of assets including investments, savings, and insurance with a view toward better correlating the assets with the Client's financial planning objectives.
- B. Prepare 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. Prepare an updated Financial Plan or Analysis and reevaluate the previous plan's objectives and goals, and to make recommendations for modifications to the previous Plan.
- D. Provide specific consulting service and analysis or research as may be requested and specified by the Client.
- E. Provide a quarterly Portfolio analysis of assets owned by the Client to review the performance of the portfolio.

Fees and Compensation

Form ADV Part 2A, Item 5

Private Client Services - Fees, Billing and Refund Policy:

Traditional Percentage Fee Approach –

The traditional approach to rendering investment advice as a fiduciary has been to charge a fee based on a percentage of the asset value of the client account. This approach is widely believed to best unite the advisor's interests with client's interest. If the client's account value increases, the compensation for the advisor also increases; if the account value falls the advisor's compensation falls proportionately to the clients account value. This fee arrangement has a strong identity of interest. The vast majority of Ausdal's advisory clients employ this fee approach as does the investment advisory industry. Fees are negotiable; fees for Private Client Services shall not exceed the maximum annual fee set forth in the tables below

Private Client Services
Investment Advisory Program Account
Maximum Fee Schedule - Assets under Management

Account Value	Annual Fee
Up to \$25000	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 some client accounts. For example, when performing of a periodic review of a particular account rather than actual day to day account management. In a few instances, this fee approach has been used at AFP. These fees are still subject to the maximum fee schedule and the billing policy shown below.

Commission Only Approach

At the request of the client, AFP personal advisors agree to provide account management services on a commission only basis. That is, they are compensated via sales charges paid by "loaded" mutual funds or through a mark up the trading commissions. This "commission only" service is not encouraged by AFP because of the obvious conflict of interest. Instead of trading solely for profit, the issue is now clouded by the opportunity to make a commission. This approach throws away the identity of interest between the client and the advisor, one of the strong points of the advisory relationship. These accounts are not governed by the fee schedule shown below and are not subject to our billing policy. Commissions are regulated through FINRA.

How to pay for trading

Traditional "Ticket Charge"

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 costs 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.

All Costs “Wrapped Up” into One Fee – 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 include the management fee, custody fee and trading costs. The total costs of the wrap fee programs are subject to our maximum fee schedule shown below.

For more information about The Ausdal Wrap Fee Program please see the Ausdal Wrap Fee Program brochure.

The method you choose depends on a number of factors that should be considered before. How to pay for trading is an important discussion to have with your personal advisor.

See Brokerage Practices for more information on brokerage

Other Fees

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

Mutual Funds and Exchange Traded Funds (ETFs) Fees

In many advisory accounts offered through AFP, mutual funds of various kinds 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 you hold for less than three months you pay a fee roughly equivalent to the total cost of a buy and sell commission. 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 now for no transaction fee exchange trade funds (ETFs) as well.

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 calculation is based on the value of the Account under management at the end of the previous applicable period, at either month end or quarter end. The value used to calculate fees is either the value reported online by Custodian(s) or that value plus any additional dividends, interest, etc. due the clients based on their holdings at the end of the period.

Fees are calculated in the following way:

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

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 whichever occurs last. Clients who are billed in advance on a quarterly basis will receive a pro-rata refund if written cancellation notice is received. The value of the refund is calculated based the days remaining in the billing period.

Refund Calculation:

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

Unless otherwise indicated fees are deducted directly from client accounts. If a client wishes to pay his fee by check, AFP reserves the right to charge a processing fee. As of this writing there is current no charge for payment by check.

Ausdal Proprietary Programs

Portfolio Rehabilitation

The fees and refund policy for Portfolio Rehabilitation are subject to the same fee policies and maximums as Private Client Services.

QCore 401(k) Investment Management Service

The annual fee is calculated based upon the beginning account value and divided into 12 equal monthly payments. The fee is payable monthly in advance. The management fee will be recalculated annually at each contract anniversary. Either the client or Personal advisor (PERSONAL ADVISOR) may cancel advisory services with 30 days advance written notice.

Q-Core 401k Portfolio Models Maximum Fee Schedule:

Assets Under Management	Monthly Fee	Annual Fee
\$0 to \$125,000	\$75	\$900
\$125,001 to \$250,000	\$100	\$1200
\$250,001 to \$400,000	\$135	\$1620
\$400,001 to \$750,000	\$165	\$1980

\$750,001+	\$195	\$2340
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The fees and refund policy for QCore 401(k) Investment Management Service are subject to the same policies and maximums as Private Client Services.

Ausdal Sub-Advised Program

Formula Folios

Advisory Fees for the program are negotiable, but shall not exceed the maximum annual fee of 2.75%. The advisory fee includes a 1.00% fee paid to RWA for the use of the FormulaFolios models. 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. The fee calculation is based upon the assets under management at the end of the previous month as reported by custodian firm. The first month's pro rata fee will be due once funds are deposited for management. If Client terminates the management agreement, Client will pay the pro-rata portion of fees due *AFP* at the time the Account is closed. Either the client or Personal advisor (PERSONAL ADVISOR) may cancel advisory services with 30 days written notice.

SEI

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 fee calculation is based upon the assets under management at the end of the previous month as reported by custodian firm. Either the client or Personal advisor (PERSONAL ADVISOR) may cancel advisory services with 30 days written notice

Separately Managed Account Program

Third Party Management Firm Fee, Billing and Refund Policy:

Each third party management firm recommended in the Separately Managed Account Program has their own disclosure brochure, much like the one you are now reading. In their brochure, all of their billing policies will be disclosed. Please refer to that brochure for specific information about that advisor.

Fees for Financial Planning Services

Fees for Financial Planning Services can be billed as an hourly fee or a flat fee depending 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 \$500 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.

Financial Planning Services – Conflicts of Interest

We believe that performing financial planning is distinct and separate service from the placement of

investments, particularly when each service is with executed with integrity. *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 would receive fees for financial planning and will receive 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 any where 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.

Asset Management – Conflicts of Interest

Private Client Services and The Separately Managed Account Program

Where Private Client Services and the Separate Account Management Program are concerned securities sales commission are viewed quite differently from financial planning. AFP has numerous policies in place to prevent personal advisors from “double dipping”. This is the practice of receiving a sales or trading commission while also charging an asset management fee. In this instance, the firm and the advisory rep would be paid twice for similar if not identical services and the client would have over paid. This practice is not tolerated at AFP.

In a limited number of cases, a “load variable annuity” is purchased by an advisor with the intent of using the SMA Program. In these cases, the advisory rep and AFP do not charge their 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.

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 representative. 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 as well. These fees are usually passed on to AFP as well.

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. We believe Pershing's execution is competitive. AFP advisory reps are free to recommend any brokerage/custodian from a very competitive list of trading relationships.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Ausdal Financial Partners does not charge or accept performance based fees.

Types of Clients

Form ADV Part 2A, Item 7

Our Clients

More than seventy percent of our clients are individuals or families. We manage their individual, joint, IRA, Roth IRA, IRA Rollover and trust accounts. The rest of our clients are corporate, pension, profit sharing, 401(k), government, trust, charity and estate accounts.

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

Accounts managed by Ausdal advisory reps 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 Ausdal Financial Partners.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Private Client Services - Ausdal Advisory Reps as Managers

The asset management approach used by most Ausdal 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 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 Ausdal reps establish an asset allocation strategy using a number of these funds. This allocation reflects the advisory reps 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 advisory reps 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 advisory rep. 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 marginal accounts are not encouraged. In fact, the use of both of these financial strategies requires specific account level permission from a principal of AFP. Furthermore, any client permitting the use of options or margin as a part of their investment strategy must stipulate that they understand that these methods are speculative, that these methods magnify losses and that they are experienced speculators.

Methods of Analysis

The most common methods of analysis used by 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 advisors do pay for research services to aid their efforts. Newspapers, magazines, the internet, government filings, industry websites among myriad other sources provide a tremendous volume of data for analysis.

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

Fundamental and technical analysis are used by advisors in the selection of individual securities. Individual stocks and bonds are not widely used by advisory reps. Those 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 advisory reps 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 your advisor.*

Stock based investments carry stock market risk. Mutual funds, ETFs and variable annuities can all contain stocks. It is important to read prospectuses and discuss these risks with your **advisory rep**. 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 US treasury bonds can fall in value.

Your advisory rep 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

Ausdal Financial Partners has no disciplinary or legal history to report.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Other Financial Industry Activities and Affiliations

The principal business of *Ausdal Financial Partners* 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.

The financial planning services of *Ausdal Financial Partners* may recommend the use of securities and insurance products offered and sold through *AFP* in its plans. Such recommendations constitute a conflict of interest because *AFP* may receive both advisory fees and commissions when *AFP* is used to execute securities or insurance transactions.

Pershing LLC, Schwab, TD Ameritrade, and Folio Institutional are all separately owned, independent from and unaffiliated with *Ausdal Financial Partners*.

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 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 other 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. We believe Pershing's execution is competitive and advisors are free to recommend any trading relationship to clients.

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. We believe TD Ameritrade's execution is competitive and 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 *Ausdal*, we will facilitate these actions to the fullest extent possible.

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.

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 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 other 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. We believe Pershing's execution is competitive and advisors are free to recommend any trading relationship to clients.

Given a certain volume of business, TD Ameritrade may generate additional income for *AFP* through *AFP's* 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. We believe TD Ameritrade's execution is competitive and advisors are free to recommend any trading relationship to clients.

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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 advisory representatives that spells out specific rules of conduct, procedures and general principles to which we are expected to conform. These rules are more specifically related to the trading activity of our personnel and how that relates to the trading activity of you, our client. The purpose of these rules is to protect your interests and place your interests ahead of those of our firm and the advisors whenever securities trading is involved. In short, your trade execution comes first.

One of the issues that we as a firm must monitor and you as a client need to understand is a practice called "front running". This is the illegal practice of an employee or personal advisor placing a trade in their own 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.

Our code of ethics and its procedures require who has the possibility of improperly using client trading information to their benefit to make certain reports to our 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 accounts are turned into our Compliance Staff. This makes AFP aware the securities positions owned by each person at that time. In addition, copies of all securities statements containing all transactions and holdings are sent to AFP by the brokerage firms/custodians (usually Ausdal) to Ausdal 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. These sanctions range 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 dismissal and referral to regulatory authorities.

Brokerage Practices

Form ADV Part 2A, Item 12

How AFP Selects Brokerage/Custodial Firms

Ausdal Financial Partners employs brokerage or custody firms to hold investment accounts and execute trades on behalf of your. The selection of a brokerage/custody firm follows conventional business logic with several factors being of primary concern. It is imperative that any firm that Ausdal Financial Partners 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 our business partners provide accessible, responsive support. Finally, pricing is a consideration. Any firm that we partner with must be able to offer their services competitively. However, it is also important to understand that poor execution, inconsistent service or inadequate systems will quickly erode and potentially overtake any gains that may be attributed to inexpensive derived from low pricing.

If a client requests a brokerage firm not currently on AFP's menu of firms, AFP will investigate our 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.

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.

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, and AFP does not pay any fees to Custodian firms for the some of these services. The receipt of these services by AFP constitutes 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, in 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 best interests of its Clients, 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.

AFP has entered into an arrangement with Pershing whereby Pershing pays AFP, an 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 advisory reps. 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.

At TD Ameritrade and Schwab, the ticket charge/trading commission fixed based on negotiations between AFP and the firms. However, at TD Ameritrade the asset based trading fee is "marked up" by Ausdal 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.

Disclaimer for TD Ameritrade Institutional Program

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.

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 ASFP'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 adviser 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 Adviser in managing and administering Client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help Adviser manage and further develop its business enterprise. The benefits received by Adviser 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, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a conflict of interest and may indirectly influence the Adviser's choice of TD AMERITRADE for custody and brokerage services.

Two of AFP's personal advisors also receive from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program.

Specifically, the Additional Services include the Dorsey Wright and the Morningstar Advisor Workstation which encompasses research, sales, diagnostic, reporting and portfolio tools.

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.

Sub-Advised Account Custodians/Brokerage Firms

Folio Institutional, Huntington Bank and Trust, SEI Trust Company and Trust Company of America all have 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.

AFP is also a FINRA member broker-dealer. All PERSONAL ADVISORS are licensed to sell securities through AFP, Inc.

Review of Accounts

Form ADV Part 2A, Item 13

The review of accounts are performed via a sampling of PERSONAL ADVISOR managed accounts. All reviews take into consideration performance, diversification, benchmark comparison and overall suitability. Triggering events may include economic factors or regularly scheduled sampling reviews. The reviews may be conducted by any combination of the following on an annual basis:

Rick Prunty, Director, Managed Accounts; Robert B Ausdal Jr.; CEO CCO; and other staff supervised by the a fore named individuals.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

AFP compensates its PERSONAL ADVISORS with a portion of the advisory fee paid by the client. Some portion of this compensation is paid for bringing the client to Ausdal. The balance is to compensate for all of the other services described in sections One and Five

In addition, Ausdal may pay a portion of advisory fees to non-affiliated third parties who 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.

Custody

Form ADV Part 2A, Item 15

Ausdal Financial Partners always uses non-affiliated independent third party brokerage/custodian firms. Ausdal is deemed to have custody under SEC rules only because our clients give us authority to withdraw fees from their accounts. Our ability to make withdrawals is limited to the amount of your fees. Your account is always held by a qualified third party custodian.

Ausdal may provide statements of value depending on the program you participate in. In any case, you will always receive a monthly or quarterly statement from the custodian. Always compare any correspondence or statement you receive to the statement you receive from your custodian. Your account statement provided by your custodian should always be correct and be relied upon as accurate

Investment Discretion

Form ADV Part 2A, Item 16

Private Client Services- Ausdal 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 the only discretionary authority permitted by Ausdal.

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, for example, 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 advisory agreement with Ausdal.

Sub-Advisors and Third Party Strategists

Limited discretionary trading authority is always granted when using a Sub-Advisor or a Third Party Strategist. The discretionary authority is granted in the same way as above but the client is giving the discretion to Ausdal to follow the trading instructions provided by specific Sub-Advisor or Strategist. In all other ways the trading authority is the same as above with the same limitations.

Ausdal Separately Management Account Program (SMA) - Third Party Managers

In the SMA Program, as discussed previously, a third party asset manager serves as the investment advisor. Ausdal serves as the solicitor. The personal advisor assists the client in selecting both the manager and the investment strategy. Subsequently the advisory rep monitors the ongoing performance and continuing suitability of the third party manager and the selected investment strategy on behalf of the client. Limited discretionary authority is always granted when using the SMA. The discretionary 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, for example, withdrawals, distributions, etc., require the approval of the client for each occurrence.

Voting Client Securities

Form ADV Part 2A, Item 17

Ausdal does not vote 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

Ausdal Financial Partners 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

Ausdal Financial Partners is registered with the Securities Exchange Commission. This registration relieves us of the obligation to register in the states where we currently do business.

Additional Information