Ausdal Financial Partners, Inc.

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FORM ADV PART 2A
BROCHURE

March 31, 2022

This brochure ("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 Ausdal Financial Partners at (800) 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 is available on the SEC's website, www.adviserinfo.sec.gov, and searching the CRD number for the advisor: 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.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 31, 2021, we amended our Form ADV, Part 2A and made the following material changes:

- Item 4, Advisory Business was amended to:
  - include new Rollover Recommendation disclosures;
  - show an example of how our fees are calculated, although there was no change to the fee schedule, and
  - provide additional disclosures around mutual fund share classes
- Item 10, Other Financial Industry Activities and affiliations was amended to:
  - provide additional disclosures around mutual fund share classes, and
  - provide additional disclosures around cash management fees and expenses
- Item 14, Client Referrals and Other Compensation was updated to:
  - indicate that Ausdal Financial shares in certain fees charged by Pershing
  - provide disclosures around the Pershing Bank Deposit Sweep Program including the fees we earn from Pershing, and
  - provide disclosures that the interest you earn in the Bank Sweep Program may be less than you could earn through other brokerage firms.

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Item 4 Advisory Business

Description of Firm
We are an Iowa corporation headquartered in Davenport, Iowa. We were founded in 1979 as a securities broker-dealer firm and are currently registered as a broker-dealer with the Securities and Exchange Commission as well as all 50 states and the District of Columbia. We are a member of the Financial Industry Regulatory Authority ("FINRA"). In 1991 we registered with the SEC as an investment adviser. We are a closely held corporation with no shareholder owning 25% or more of our stock.

Because we are registered as both an investment adviser and broker-dealer, and are licensed as an insurance broker, we provide investment advisory services and sell securities and insurance products. Pershing, LLC ("Pershing"), serves as the clearing broker-dealer for AFP's brokerage business and provides custodial services for some of our advisory Clients. Charles Schwab & Co., Inc. ("Schwab") and TD Ameritrade, Inc. ("TD Ameritrade") serve as custodians for most advisory accounts.

This Brochure provides important information about Ausdal Financial Partners, Inc. (referred to as "AFP," the "Firm," "we," or "us"), our services, our compensation, the costs of participating in our various programs, and situations where our interests may conflict with the interests of our Clients. We offer other investment advisory services and those are described in our separate Form ADV Part 2A Appendix 1 Wrap Fee Brochure (the "Wrap Fee Brochure").

Our firm offers services through our network of investment advisor representatives. Investment advisor representatives may use D/B/A names ("doing business as" names) or may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials or client statements. You should understand that the businesses are legal entities of the investment adviser representative and not of our firm, Ausdal Financial Partners, Inc. The investment adviser representatives are under the supervision of Ausdal Financial Partners, Inc., and the advisory services of the investment adviser representative are provided through Ausdal Financial Partners, Inc. For a complete list of D/B/A or trade names please refer to Ausdal Financial Partners, Inc.'s ADV Part 1 Brochure, accessible through the SEC's website, www.adviserinfo.sec.gov, as referenced on the cover page, or in certain instances the D/B/A or trade name is listed on your investment adviser representative's Form ADV 2B Brochure.

You should pay particular attention to the discussions about our various conflicts of interest because these can affect our judgment in managing your account, in choosing brokers to execute trades for your account, and in recommending custodians, among other important considerations.

You should also keep in mind that a number of separate businesses provide the various investment products and services described in this Brochure. These businesses' legal, contractual, and regulatory obligations differ in important ways depending on whether, in providing the product or service, they are acting as custodian, broker-dealer, third-party manager, or insurance company.

If you have questions about the information in this Brochure, you can reach the investment adviser representative (an "Advisor") at the email address, telephone number, or street address shown in the Brochure Supplement you received from your Advisor. You can reach our senior management, including our Chief Compliance Officer, at the email address, telephone number, or street address shown on the front of this Brochure.

Our Advisory Services
We offer a broad range of investment advisory programs and services, either directly or together with a third-party investment adviser, through one of the following advisory programs (collectively, the "Managed Programs"):

- Representative-Directed Portfolio Program ("RDP Program")
- Proprietary Advisory Program ("Proprietary Program")
- Separately Managed Account Program ("SMA Program")
- Financial Planning Services

We also offer services through the Ausdal Wrap Fee Program to serve Clients who would like to combine the costs of advisory services and brokerage into a single fee. Clients interested in a wrap fee program may request a copy of our Wrap Fee Brochure which provides further information. The Wrap Fee Brochure is available from your Advisor or through the contact information on the front of this Brochure.

Below we provide important information about the fees, expenses, risks, conflicts of interest and other considerations when evaluating our programs and services. However, please note the information in this Brochure is necessarily general and does not address all details that may be applicable to you; you should refer to your individual Advisory Agreement for specific terms that apply to you and be sure to discuss any specific questions with your investment adviser representative (your "Advisor").

Representative-Directed Portfolio Program
In the RDP Program, the Advisor will obtain information regarding the Client's personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the account (the "Managed Account") that will be managed through the RDP Program (all referred to as the "Suitability Information"), as well as any reasonable investment restrictions the Client wishes to impose.

The Advisor will assist the Client to identify a suitable allocation of the Client's RDP Program assets, and an investment style and strategy which are suitable for the Managed Account in view of the Managed Account's Suitability Information, and any reasonable investment restrictions imposed by the Client.

Clients should take care to ask the Advisor questions about the RDP Program to be sure they understand the risks, potential rewards, fees, and expenses of the Program, the strategy the Advisor expects to use, and the types of investments that are expected. Where available, Clients should request copies of the prospectuses for the investments expected to be used in managing the Managed Account, and then ask questions about these investment before deciding to participate in the RDP Program.

Subject to AFP's supervision, the Advisor will provide continuous and regular investment management services of the Managed Account assets consistent with the Suitability Information and the investment style or strategy identified for the Managed Account, as modified from time to time by the Advisor, in the Advisor's discretion, to achieve the Managed Account's objective.

Types of Investments
For the RDP Program and Proprietary Portfolios for which an Advisor or other AFP supervised person serves as portfolio manager, the Managed Assets may be invested in a portfolio allocated among various asset classes The investment types may include: mutual funds; money market funds; closed-end funds; exchange-traded funds ("ETFs"), including inverse and leveraged ETFs; common and

preferred stocks; real estate investment trusts ("REITs"); business development companies; non-traded closed end funds; as well as direct obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored entities, If appropriate, "sweep" arrangements are used where cash balances are transferred into money market funds; money market deposit accounts, or bank accounts for cash management purposes, which may be advised by or maintained with the account's qualified custodian ("Custodian") or an affiliate of the Custodian.

The Adviser's investment strategy and any liquidity needs and investment restrictions imposed by the client will affect the specific types of investments we purchase or recommend for the specific client's account.

Advisory Agreement and Custodial Account
Clients who desire to participate in the RDP Program will enter into an advisory Agreement to establish an account with us, and will also establish an account with the Custodian, which will maintain the account's assets and provide brokerage services.

Discretionary or Non-Discretion Accounts
On the Advisory Agreement, Clients shall indicate whether they grant discretionary authority to AFP (and Advisor, on AFP's behalf) to purchase and sell securities, and act as the Client's limited agent to effect transactions for the Client's Managed Account and Managed Assets, without the Client's prior knowledge or consent. The discretionary authorization remains in effect until terminated or changed by the Client in writing.

Discretion does not allow AFP or its Advisors to withdraw money from the Clients' accounts other than for payment of advisory fees.

Clients may choose not to grant AFP and the Advisor discretionary authority by marking "Non-Discretionary Trading Authorization" on the Advisory Agreement. Orders for non-discretionary accounts will usually not be included in block orders with discretionary accounts, and these accounts will not receive the benefits of sharing execution costs or using an average price account, as used with orders for discretionary accounts. Consequently, the transaction costs, the quality of execution, and overall performance of non-discretionary accounts may be less favorable, as compared to discretionary accounts.

Differences Among Advisors' Accounts; AFP Supervision
Advisors follow different investment strategies and styles, and adjust their investment selections depending on their Clients' personal and financial situation, and the investment objective, risk tolerance, liquidity needs, and investment time horizon of the account they are managing. Consequently, it is expected that the levels of volatility, fees, expenses, returns, and performance will, and do, vary significantly among Managed Accounts managed by the same Advisor and among Managed Accounts managed by different Advisors.

In managing Client accounts, Advisors are acting on behalf of AFP, and the discretion granted by the Client, is granted to AFP. Advisors exercise such discretion in their capacity as AFP's investment adviser representative. As supervisor of the Advisors, AFP monitors Client Accounts. However, AFP does not direct or mandate the investment strategies or styles the Advisors follow in managing their Clients' Accounts.

Since our investment strategies and advice are based on each Client's specific financial situation, the investment advice Advisors provide to you may be different or conflicting with the advice our Advisors give to other Clients regarding the same security or investment.

Proprietary Advisory Program
AFP offers the Proprietary Program for Clients who choose to enroll in a program utilizing AFP's models. Generally, the models consist of varying proportions of cash, fixed income, and equity investments, and are comprised of mutual funds, money market funds, closed-end funds; exchange-traded funds ("ETFs"), including inverse and leveraged ETFs; common and preferred stocks; as well as direct obligations issued or guaranteed by the U.S. Treasury, government agencies, or government sponsored entities. If appropriate, "sweep" arrangements where cash balances are transferred into money market funds, money market deposit accounts, or bank accounts for cash management purposes, may be advised by or maintained with the account's qualified custodian ("Custodian") or an affiliate of the Custodian.

The Models
AFP's Investment Committee (or a senior executive, in the absence of the Investment Committee) is responsible for developing, managing and selecting the securities comprising the model portfolios used in the Proprietary Program.

AFP will invest Client assets according to one or more model portfolios developed by one of AFP's portfolio managers. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Once a model portfolio is selected, the Client may set reasonable restrictions on the management of the Managed Account, including the types of securities that should not be purchased, or if already held, securities that should not be sold.

Model Services Provided by Third Parties
Probabilities Fund Management, LLC ("PFM"), an SEC-registered investment adviser, is currently engaged to assist in the development of the Probabilities Portfolios and selection of the securities to be used for the Growth Sleeve, and to provide signals ("Signals") AFP may use to identify when to buy and sell securities in Clients' accounts. We expect to follow the Signals in managing Managed Accounts that have designated the Probabilities Portfolios. However, we may, in our discretion, reject, delay implementation, or modify, in whole or in part, a Signal and we may engage in other transactions, as we deem appropriate. There is no set minimum or maximum number of positions that will be held for Managed Accounts, including those that have designated the Probabilities Portfolios, or specific frequency that account positions will be traded. Please refer to Item 10 and Item 11 for additional information describing our affiliation with PFM and the related conflicts of interest.

Separately Managed Account Program
Through the Ausdal Separately Managed Account Program ("SMA Program"), Clients have access to a wide range of investment management programs ("Third-Party Programs"), sponsored by professional investment management firms (each a, "Sponsor"). For Clients interested in the SMA Program, our Advisor will work with the Client to develop an investment profile that identifies the Client's personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, investment time horizon and other characteristics (all the "Suitability Information") applicable to the account to be managed through the SMA Program. Third-Party Programs can offer investment portfolios, styles, and strategies to meet the investment needs of many investors; but not every Third-Party Program is a good fit for every investor.

This Brochure provides a general overview of the common terms and characteristics of many of the Third-Party Programs. Clients interested in learning more about or finding a Third-Party Program should start by meeting with their Advisor. This will provide an opportunity for their Advisor to better understand the Client's specific situation and objectives for the assets to be managed through the Third-Party Program (the "Third-Party Assets"). This will help the Advisor to present for the Client's review prospective Third-Party Programs that most closely match the investment objective, risk tolerance, liquidity needs, and other characteristics (the "target characteristics") Client has in mind for the assets (the "Managed Assets") to be managed through the Third-Party Program. This information will be important to help in identifying a suitable portfolio manager (each a "Third-Party Manager" or "Manager") from a roster of managers available through the particular Sponsor's Third-Party Program.

When the Client has decided to proceed, they should contact the Advisor to obtain the Wrap Fee or other Disclosure Brochure (as applicable) and sign the "Managed Program Agreement " containing the terms and conditions governing the Client's participation in the Third-Party Program; and the Advisory Agreement with AFP; however, the Sponsor's Managed Program Agreement will contain and control most terms and conditions of the Managed Program, and the Client's participation. Client will also receive the separate Form ADV Part 2A Brochure ("Third-Party Brochure") of each Third-Party Manager designated to manage the Third-Party Assets. The Third-Party Managers will actively manage the Third-Party Assets the Client allocates to the Third-Party Manager.

For most Third-Party Programs in the SMA Program, Clients who choose to participate in the SMA Program will enter into and maintain an advisory agreement with AFP pursuant to which the Client agrees to pay us an Advisory Fee for our on-going advisory services with respect to the Third-Party Program the Client selects, and will enter into one or more agreements with the Sponsor and Third-Party Manager(s), as necessary, to participate in the Third-Party Program, and will open an account with the qualified custodian designated for the Third-Party Program. However, Clients should be aware there are Third-Party Programs which provide a single, combined Advisory and Program Agreement among AFP, Sponsor, and Third-Party Managers that addresses Advisory Fees, Program Fees, and all terms and conditions of the Third-Party Program.

Financial Planning Services
Through our Financial Planning Services, the Client's Advisor meets with the Client to discuss and analyze the Client's investments and financial situation, and help the Client to identify his or her investment goals and objectives, tolerance for risk, and investment time horizon, among other key factors to developing a financial plan. Based on the information provided by the Client, the Advisor will develop recommendations to help the Client towards achieving his or her investment objectives.

For example, the Advisor may recommend that the Client purchase or sell securities or insurance products, reallocate existing investments, or take other steps to achieve their objectives. However, the Client will not have any obligation to buy or sell any securities or insurance products, or otherwise implement the Advisor's recommendations. If the Client chooses to implement recommendation made by the Advisor, the Client may choose any qualified broker-dealer or insurance agent for such transactions.

Clients who request Financial Planning Services may be asked to provide detailed information about the Client's personal and family situation, financial condition, investment objectives, risk tolerance, investment time horizon, estate and retirement plans, trust agreements, wills, investments, insurance, or other information necessary to provide the specific services requested.

AFP and Client will enter into a written Advisory Agreement that describes the specific Financial Planning Services AFP will provide, the Fees for such services, and whether any written report or financial plan will be provided. For example, in the Advisory Agreement, AFP may agree to provide any one or more of the following, among other services (all the "Financial Planning Services"):

> **Consulting Services**: Upon Client's request, Advisor will discuss with Client in person or by telephone issues Client would like to discuss regarding Client's investments, portfolio, or financial goals and objectives. Generally, this service will not include any written report.

Portfolio Review: Advisor will review the Client's current investments, and discuss with the Client the Advisor's assessment of whether the current portfolio is consistent with the Client's financial needs and investment objectives.

Retirement Planning: Advisor will discuss with Client estimates of the assets Client may need to retire at various assumed ages and the changes, if any, which Client may need to make in Client's current savings plan, investment portfolio, or investment strategies to improve the Client's ability to reach his or her financial objectives.

Business Planning: Advisor will review succession planning for Client's business and other specific topics of interest identified by the Client.

Asset Allocation: Advisor will discuss with the Client alternative allocations of Client's investments among various asset classes, and estimates for the effects changes may have on the Client's portfolio at certain points in the future. While AFP believes that asset allocation represents a reasonable approach for helping certain Clients to achieve their financial objectives, implementation of an asset allocation strategy provides no assurance that Client's financial objectives will be attained or that Client will not sustain losses in Client's investment portfolio.

Education Funding: Based on information provided by the Client regarding Client's plans for children's (or grandchildren's) education, the Advisor will discuss with the Client estimates of the amounts necessary to fund the planned education.

Estate Tax Planning: The Advisor will discuss with Client estimates of federal and state estate taxes that may be due at the time of Client's death, and strategies for minimizing such taxes. Please see the limitations described in the section below titled, *Taxes; Services by Accountants* with respect to any tax advice you receive from an Advisor.

Survivor Income Analysis: The Advisor will discuss with Client the amounts of income that may be available to Client or Client's spouse upon the death of each other, or to their surviving heirs.

Disability Income Analysis: The Advisor will discuss with Client estimates of Client's disability income needs, as well as a description of existing disability coverage and recommendations regarding such coverage.

In providing the Financial Planning Services, the Advisor will rely on assumptions or estimates regarding a number of important factors that may or may not turn out to be accurate at any time. These assumptions will often include subjects such as future market performance and investment returns, anticipated and reasonably foreseeable living and medical expenses, tax laws, interest rates, and other factors. As a result of likely differences between the items assumed and the actual situation at any time in the future, Client's (or Client's successors') financial situation or needs may be materially different than anticipated and Client's financial or investment objectives may not be achieved.

Unless specifically agreed in the Client's Advisory Agreement, AFP will not provide a written report or written plan in connection with the Financial Planning Services. If the Advisory Agreement provides for a written report or written financial plan, it will usually include recommendations to assist the Client in achieving his or her financial goals and objectives through purchasing or selling investments, purchasing new or revising existing insurance products or policies, establishing or participating in tax qualified accounts, or increasing or decreasing amounts held in savings accounts or other liquid investments.

If the Client elects to purchase any securities (including mutual funds, 529 Plans or Accounts, or variable products or insurance) or insurance products (including life insurance, fixed annuities, or long-term care products) recommended in connection with the Financial Planning Services, AFP and the Advisor will receive brokerage commissions and asset-based sales charges and service fees (including 12b-1 Fees), and insurance commissions as a result of those purchases. The possibility of such additional compensation creates a conflict that may affect the recommendations made to the Client. The Client is under no obligation to implement or otherwise act upon AFP's or an Advisor's recommendations; and if the Client elects to implement or act upon any such recommendation, the Client is under no obligation to effect any transactions through AFP, Advisor, or any other associated person, broker-dealer, or affiliate of AFP.

Investment Restrictions

In all Managed Accounts managed by AFP, an Advisor, or supervised person, AFP permits the Client to impose reasonable restrictions on the investments not to be purchased for the Managed Account, and for investments already held in the Managed Account, to impose reasonable restrictions on the investments not to be sold.

However, Clients should be aware that while AFP will permit reasonable restrictions on the investment of Managed Assets, not all Third-Party Managers accept investment restrictions with respect to management of the Third-Party Assets. Third-Party Managers establish separate and independent investment policies which take precedence over AFP's policies in the Third-Party Programs.

Changes In Client Circumstances

Clients are advised that changes in their personal or financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the strategy or portfolio designated for the Client's account to become no longer suitable. In the event of any material change in Client's personal or financial circumstances, Client should contact the Advisor or us promptly so that we may assist in identifying another program, strategy or other investments that better meet the Client's needs.

Taxes; Services by Accountants

In taxable accounts, AFP and Advisor will use reasonable efforts to follow the instructions of Client and Client's tax advisors regarding the timing and recognition of taxable gains and losses, subject to applicable tax laws and regulations, as we understand them. Client must acknowledge AFP and Advisor are not acting as accountants or tax advisors, and are not providing tax advice; Client must rely on his or her own tax advisors with respect to the tax consequences of transactions involving the Managed Assets; provided, in any situation where an Advisor conducts business as an accountant and provides tax advice for Clients separate and apart from services as an Advisor on behalf of AFP, Clients must acknowledge such advice is provided by the Advisor-Accountant in his or her separate capacity and is not provided by or on behalf of AFP and AFP has no responsibility or liability for the advice provided in such separate capacity.

Information about Managed Programs

As discussed above, we offer the Ausdal Wrap Fee Program to serve Clients who want to have the costs of trading and investment advice combined into one single fee. Accounts available through the wrap fee programs are not managed differently from accounts managed in non-wrap programs to the extent the same or similar investment strategy is available from the same Advisor. For a complete explanation of our Wrap Fee Program, please review the Wrap Fee Program Brochure, available from our Advisor or from the firm through the contact information on the front of this Brochure.

Rollover Recommendations
Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from an ERISA account to an account that we manage or provide investment advice, because the assets increase our assets under management and our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

Managed Assets
As of December 31, 2021, we managed $1,667,710,047 of Client assets, as follows:

A. $1,533,911,381 on a discretionary basis; and

A. $133,798,666 on a non-discretionary basis.

Item 5 Fees and Compensation

Compensation for Advisory Programs & Services

Representative-Directed Portfolio Program & Proprietary Program Advisory Fees
In the Client's Advisory Agreement for the RDP Program and Proprietary Program, the Client agrees to pay AFP Advisory Fees on a monthly or quarterly basis. The Maximum Advisory Fee Rates (expressed as annual percentage rates) are described in the following RDP Program & Proprietary Program Maximum Fee Schedule, for the following "Asset Tiers:"

RDP PROGRAM & PROPRIETARY PROGRAM MAXIMUM ADVISORY FEE SCHEDULE*	
Asset Fee Tier	**Maximum Fee Rate**
Up to - $250,000	2.50%

$250,001 - $500,000	2.25%
$500,001 - $1,000,000	2.00%
Over - $1,000,001	1.75%

*The Client's Advisory Agreement will contain the actual amount of the Client's Advisory Fee Rate(s), the applicable Asset Tiers, whether fees are paid in advance or in arrears, whether tiers will be determined at the household or individual account level, and whether the fees are calculated by multiplying the Fee Rate for each Asset Tier times the value of assets in that Tier (the "Tiered Method") or by using a single Fee Rate based on the rate applicable to the highest Tier in which the account has assets.

"Asset Fee Tiers" are based on the Managed Account Value as determined by the Custodian and is based on the actual number of days in the period (i.e., monthly or quarterly). The Client's specific billing selections are indicated on their Advisory agreement. Here is an example of 2nd quarter billing for a client with $400,000 in their advisory account that is billed on a quarterly basis:

$250,000 x 2.5% = $6250 (per year) / 365 days = $17.12/day x 91 days (April, May and June) = $1,557.92

PLUS

$150,000 x 2.25% = $3375 (per year) / 365 days = $9.25/day x 91 days (April, May and June) = $841.75

The advisory fees for this example are $1,557.92 + $841.75 for a total of $2,399.67.

We use a standard industry automated billing system that collects the information reported by the custodian for our monthly or quarterly billing calculations. There may be immaterial differences between the month-end or quarter-end market value reflected on your custodial statement and the valuation as of the last day of the billing period used for billing calculation purposes, given timing and account activity. Such differences may be caused by, but not limited to, the timing of the receipt and processing of dividends by the custodian. For example, a dividend received by the custodian may occur at the end of the month, but not fully processed and added to the account value in the custodian's system for a few days. While the billing system will add these dividends to the account value when notice of the dividend is first received, thus causing a difference in reported account value between the two systems during the time billing amounts are calculated.

Payment of Fees

Unless otherwise negotiated by AFP and provided in the Advisory agreement, Advisory Fees are due and payable immediately at the beginning of each calendar quarter or month (whether payable in advance for the current calendar quarter or month, or in arrears for the previous calendar quarter or month) and upon termination of the Advisory Agreement (for all earned but unpaid amounts). Advisory Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the account or any Managed Asset. Refer to the section below *Calculation of Advisory Fees* for further information regarding how Advisory Fees are calculated.

Separately Managed Account Program Fees

As described in Item 4, Clients who participate in the Separately Managed Account Program ("SMA Program") will enter into an advisory agreement with AFP pursuant to which the Client agrees to pay AFP Advisory Fees for AFP's on-going advisory services with respect to a Third-Party Program the Client selects.

The maximum combined Advisory Fee Rate (expressed as an annual percentage rate) for SMA Program accounts is 3%. Some Clients will see one combined fee and others will see the breakout by category. The "SMA Advisory Fee" for each SMA Program account will be made up of the following parts as applicable to the particular Third-Party Program:

- *Adviser's Fee - A fee charge by AFP for compensation to the Adviser advising the Client.*

- *Adviser Platform Fees - A fee charged by AFP for administration and operation of a Third-Party Program where AFP serves as Sponsor of the Program.* The Adviser Platform Fee will be disclosed to the Client prior to entering into the Advisory Agreement. The Platform fee typically ranges between 15 - 30 basis points.

- *Program Fee - A fee charged by the Third-Party Program Sponsor for administration and operation of the Third-Party Program. This fee can also be labeled as an Overlay Management Fee or Platform Fee, but is separate and in addition to any Adviser Platform Fee charged by AFP.*

AFP has negotiated with the Sponsors of certain Third-Party Programs to share with AFP the Program Fees the Sponsors receive from Clients (approximately 15 basis points). These payments are sometimes referred to as referral fees, or payments in support of AFP's administration or operation of the Third-Party Program.

- *Third-Party Manager Fees - Fees charged by Third-Party Managers to manage the assets within the SMA Program Account. AFP may negotiate rates with Third-Party Managers (sometimes referred to as Model Providers, Managers, Strategists or Sub-advisors) but the Third-Party Managers determine and set the Third-Party Manager Fees. The Third-Party Manager fees will either be detailed in the Client's Advisory Agreement or they will be aggregated and included with the Program Fee and paid by the Program Sponsor. In certain Programs AFP will serve as a model manager. In these cases, AFP will receive the Third-Party Manager fee for the assets assigned to a model managed by AFP.*

The combined fees for the Separately Managed Account Program as described above will be referred to collectively as the "SMA Advisory Fee" and will not exceed 3%. The Advisory Agreement will govern the SMA Advisory Fees the Client agrees to pay to participate in a Third-Party Program but in no case shall the "SMA Advisory Fee" exceed 3%.

The Sponsor is responsible for administering the SMA Program, paying Third-Party Managers (including any model providers, strategists or sub-advisors), arranging for services related to Client profiling assistance, strategic asset allocation assistance, style allocation assistance, research and evaluation of investment strategies and investments, account performance calculations, account rebalancing, account reporting, account billing administration and other operational and administrative services to assist AFP in providing advisory services. Not all services are provided with respect to all Third-Party Programs offered by a Sponsor, and not all Clients will receive or benefit from all services available, offered, or provided by a Sponsor through a Third-Party Program in which the Client participates, even though the costs of such services will be borne by all accounts participating in that Third-Party Program, or by all accounts participating in the Sponsor's Managed Programs.

Payment of Fees
Subject to the requirement of each Sponsor, SMA Advisory Fees are due and payable immediately at the beginning of each calendar quarter or other period for which fees are calculated (and upon termination of the Advisory Agreement, for any unpaid amounts). SMA Advisory Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the account or any Managed Asset.

Clients should be aware that the Sponsor of each Third-Party Program will act as collection agent for our SMA Advisory Fees and we intend to work with the Sponsor, to the extent we believe reasonable, to coordinate our fee billing, calculation, and collection procedures so that they are consistent with the procedures used by the Sponsor of each Third-Party Program.

Common Terms and Disclosures Regarding Fees and Compensation
Except as otherwise provided in this Brochure or in a Client's Advisory Agreement, the following terms and disclosures apply to Managed Accounts participating in the RDP Program, Proprietary Program and SMA Program (all the "Managed Programs"). The term "Advisory Agreement" refers to an Advisory Agreement between AFP and Client in each of such programs.

Negotiability of Fees and Other Terms of Advisory Relationship
Subject to limitations or restrictions of any Sponsor or Third-Party Manager, AFP has discretion to negotiate all terms and conditions with respect to each Client's relationship with AFP, including without limitation, any and all fees, minimum account sizes, minimum fees, and other terms, on a Client-by-Client, and account-by-account basis. When considering these matters, we usually consider the amount of assets to be placed under management by a Client and related accounts, anticipated future revenues and anticipated future assets or other business from the Client or related persons, and existing or anticipated relationships. We may elect, in our discretion, to aggregate related Client accounts for the purpose of achieving and negotiating the terms of a Client relationship.

Because Advisory Fees and other terms of our Managed Programs and services are negotiated separately with each Client, some accounts and Clients pay lower Advisory Fees and other amounts than other accounts and Clients. Waivers, discounts or more favorable terms not generally available to other Clients are offered to family members and friends of our Advisors, employees, and affiliates.

Calculation and Deduction of RDP Program and Proprietary Program Advisory Fees
For RDP Program and Proprietary Program Accounts, Advisory Fees (and Adviser Platform Fees, if any) are calculated with respect to each Managed Account on a Custodian-by-Custodian basis. Advisory Fees are determined pursuant to the terms of the Client's Advisory Agreement, based on the Advisory Fee Rate(s) stated in the Advisory Agreement, and the value of Managed Assets, using the valuation date and method provided according to the Advisory Agreement. If not otherwise provided in the Advisory Agreement for RDP Program and Proprietary Program Accounts, for Advisory Fees (and any Adviser Platform Fees) payable in advance, the valuation date shall be the "end of the preceding calendar period," which shall be interpreted as the end of the calendar period preceding the period for which Advisory Fees are being calculated (e.g., calendar month or quarter); provided, for the initial period, fees shall be calculated on an asset-by-asset basis beginning as of the date each asset is "placed in the management program" (which shall mean the date credited by the Custodian to the Managed Account). For Advisory Fees (and Adviser Platform Fees, if any) payable in arrears, the valuation date shall be the end of the calendar period for which such Advisory Fees are being calculated (e.g., calendar month or quarter); provided, for the last fee calculation period, the valuation date for fees payable in arrears shall be the termination date of the Advisory Agreement).

For SMA Program Accounts (or other Program Accounts treated as SMA Program Accounts), Advisory Fees are calculated according to the terms of the Sponsor's Program Agreement, and Client Fee Schedule attached to the Client's Advisory Agreement with AFP, subject to the Maximum Fee Rate Schedule described in this Brochure.

Fair Valuation of Managed Account or Managed Assets
For most holdings, AFP will rely on the custodian's value for billing purposes. If an advisory account has holdings that are illiquid or for which the custodian is not able to provide a valuation, AFP will assign a value determined by us in good faith to reflect its fair value for RDP and Proprietary Program Accounts.

For SMA Program Accounts, Third-Party Assets shall be valued according to the terms of the Sponsor's Managed Program Agreement.

Risk of Liquidations to Pay Advisory Fees, Adviser Platform Fees, and Sponsor Program Fees and Program Expenses
The Custodian of a Managed Account will be authorized to deduct the Advisory Fees. If sufficient cash is not available in the Managed Account to pay any fees or expenses when due, the Custodian is authorized to liquidate securities selected by the Custodian or AFP (or the Sponsor or any Third-Party Manager) without prior notice to the Client. If mutual funds are liquidated, the Client may be charged any applicable contingent deferred sales charge, early redemption fee, or fee payable to discourage short-term trading of fund shares. If the liquidated securities have declined in value, the Client will realize a loss and lose the opportunity for future appreciation of the securities.

Management of Account Until We Receive Written Notice
Unless and until the Client notifies us in writing to designate a different portfolio for their account, to notify us of material changes in their Suitability Information, or to impose reasonable restrictions on the investment of their account, we will continue to manage the account according to the Suitability Information in our records. Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in the investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs of the account so that appropriate changes can be made.

Changes In The Portfolios
We may change, add, or remove portfolios (and the objectives or strategy of any portfolio) from time to time, without prior notice to the Client. If a portfolio is changed or removed, we will designate for the account a suitable remaining portfolio, and will notify the Client that such designation has occurred. If the Client objects to such designation, we may terminate the Advisory Agreement and liquidate the account.

Financial Planning Services
Our Financial Planning fees are negotiated on a case-by-case basis, depending on the complexity and scope, financial situation and objectives and the nature and extent of planning and analysis required. The fees and services will be outlined in the Financial Consulting agreement and are payable as agreed to between the Advisor and the Client. In no case shall the payment schedule cause a client to prepay more than $1,200 six months or more in advance of completion of the Financial Planning services.

Please refer to the below section regarding the termination of Advisory Agreements. Fees shall be prorated based on the proportion of the Financial Planning Services that have been completed as of the date the Agreement terminates; to the extent the proportion of services completed exceeds the amount of the prepaid fees, the Client shall owe the balance.

Termination of Advisory Agreements
Subject to the terms of any Advisory Agreement, an Advisory Agreement may be terminated by the Client or us upon written notice to the other, as provided in the Advisory Agreement. If Client terminates the Advisory Agreement within five business days of the effective date of the Advisory Agreement, Client shall receive a full refund of any prepaid fees. If the Advisory Agreement is terminated more than five business days after the effective date, any prepaid, but unearned Advisory Fees, if any, for the final calendar period of the Agreement shall be prorated based on the number of days the Advisory Agreement was in effect during such calendar period, and the unearned portion shall be refunded to Client within 30 days; and any earned but unpaid Advisory Fees owed to AFP will become immediately due and payable upon termination of the Advisory Agreement.

The termination provisions of Advisory Agreements vary, and not all Advisory Agreements provide for a five-day full-refund period; no refund is owed where Advisory Fees are paid in arrears. Clients should review the terms of their Advisory Agreement to verify the particular termination provisions of their Advisory Agreement. Termination provisions for Third-Party Program Accounts are governed by the terms of the Sponsor Program Agreement.

After an Advisory Agreement has been terminated: Client will be charged commissions, sales charges, and transaction, clearance, settlement, and custodial charges, at prevailing rates, by us (in our capacity as introducing broker-dealer) and any executing or carrying broker-dealer. Client will be responsible for monitoring all transactions and assets; and AFP shall not have any obligation to monitor or make recommendations with respect to any account or assets.

Taxes; Services by Accountants
AFP and Advisor will use reasonable efforts to follow the instructions of Client and Client's tax advisors regarding the timing and recognition of taxable gains and losses, subject to applicable tax laws and regulations, as we understand them. Client must acknowledge AFP and Advisor are not acting as accountants or tax advisors, and are not providing legal or tax advice. Client must rely on his or her own tax advisors with respect to the tax consequences of transactions involving the Managed Assets; provided, where an Advisor conducts business as an accountant and provides tax advice for Clients separate and apart from services as an investment adviser representative on behalf of AFP.

Deduction and Direct Billing of Fees

Fees Directly Debited from Client
Subject to Client's consent, fees are directly debited from a Client's account(s), and each Client is required to provide the qualified Custodian of the Client's account(s) written authorization to deduct the quarterly fee described. The Custodian sends the Client a statement, at least quarterly, indicating all amounts disbursed from the account. The Client is responsible for verifying the accuracy of the fee calculation, as the Custodian will not verify the calculation.

Fees Billed Direct to Client
In the RDP Program, Proprietary Program, and SMA Program, the Custodian deducts the Advisory Fees or SMA Advisory Fees upon receipt of AFP's or the Sponsor's instructions, and forwards the Advisory Fees and Adviser Platform Fees to AFP. In the RDP Program and Proprietary Program, Clients may choose to have the fees billed to them directly, in lieu of deduction from the account; however, the Client must agree that any fees not paid within 60 days will be deducted automatically.

Changes in Fee Calculation and Billing Procedures
Clients should be aware that AFP may, in its sole discretion, engage one or more Sponsors of Third-Party Programs (or service providers they designate) to act as collection agents with respect to AFP's Advisory Fees and Adviser Platform Fees, and we intend to work with each such Sponsor, to the

extent we believe reasonable, to coordinate and improve the efficiency our fee billing, calculation, and collection procedures so that they are consistent with the procedures used by the Sponsor of each Third-Party Program. Consequently, in our discretion, we may change the billing and valuation periods and assumptions for calculating Advisory Fees and Adviser Platform Fees from those described above or in the Client's Advisory Agreement, as we determine appropriate so that they reasonably reflect the procedures used by each Sponsor. However, such changes will not affect the Advisory Fee agreed to in your Advisory Agreement, unless we provide you with at least 30 days' prior notice of such changes. Advisory Fees and Adviser Platform Fees are not charged on the basis of a share of capital gains upon or capital appreciation of any Managed Account or Managed Assets.

Additional Fees & Expenses
The Advisory Fees and SMA Advisory Fees are separate and distinct from a number of other expenses that the Client's account will incur including:

- Brokerage and Investment Expenses
- Investment Company Expenses
- Cash Management Expenses
- Custodial Expenses

Brokerage and Investment Expenses
Client accounts will generally invest in mutual funds, ETFs, money market funds, and closed end funds, but may also invest in stocks, bonds, and other types of securities. Although many of the investment company investments are "load-waived" investments, Clients should expect that their account will incur some or all of the Brokerage and Investment Expenses described below.

Client accounts will pay their Custodian (Pershing, TD Ameritrade, or Schwab), transaction-related fees for each transaction, and for some transactions, it will also pay other costs that could significantly increase your overall expenses and decrease any profits from these programs. These fees are automatically deducted from the account at the time of the trade(s).

Following are examples of some of the types of fees and expenses that are included in the Brokerage and Investment Expenses:

- per-trade principal trade mark-up/mark-downs, and other transaction-related costs paid to introducing and executing brokers (including AFP, its clearing firm, the Custodian and its affiliates), stock exchanges, electronic communications networks, and other trading intermediaries involved in executing account transactions to buy or sell securities; and
- odd lot charges, transfer and other taxes, floor brokerage fees, service, handling, delivery, and mailing fees, electronic wire transfer fees, currency exchange fees, margin interest, and other expenses related to investments made or assets held for the Client's account;
- dealer spread (mark-up/mark-down) incurred when securities are purchased on principal basis, rather than on an "agency basis" (where a commission would be charged); fixed income securities tend to be bought and sold more frequently on a principal basis, so accounts that invest more frequently in fixed income securities may incur the cost of the dealer mark-up/down for each purchase and sale;
- margin interest charged by the custodian's broker-dealer affiliate; and
- service, handling, delivery, and mailing fees, electronic wire transfer fees, and other miscellaneous expenses related to the Client's account.

Custodial Expenses
AFP will not have possession of Managed Assets. To participate in the Managed Programs, the Managed Assets must be maintained in an account (either the Managed Account or a Third-Party Account, as described in this Brochure) under Client's name with a Custodian designated for the particular Managed Program.

Clients must pay the cost of services provided by the Custodian for: (1) arranging for the receipt and delivery of securities that are purchased, sold, borrowed or loaned for the Custodial account; (2) making and receiving payments with respect to Custodial account transactions and securities; (3) maintaining custody of Custodial account securities; and (4) maintaining custody of cash, receiving dividends, and processing exchanges, distributions, and rights accruing to the Custodial account. The specific fees and terms of each Custodian's services are described in the Client's separate Custodial Agreement(s).

Investment Company Expenses
Mutual funds, money market funds, exchange-traded funds ("ETFs"), closed-end funds, and variable products (all referred to as a "fund") deduct from their assets the internal management fees, operating costs, and investment expenses they incur to operate the fund. Variable products also deduct mortality expenses. These internal expenses generally include recordkeeping fees, and transfer and sub-transfer agent fees, among other fees and expenses. All of these represent indirect costs that are charged to the fund's shareholders.

Frequently, these internal expenses also include "Distribution Fees." These amounts are deducted from the fund's assets to compensate brokers who sell fund shares, as well as to pay for advertising, printing and mailing prospectuses to new investors, and printing and mailing sales literature. Mutual fund internal expenses also commonly include "Shareholder Service Fees" which are amounts deducted from the fund's assets to pay the costs of responding to investor inquiries and providing investors with information about their accounts.

Distribution Fees and Shareholder Service Fees are referred to collectively as "12b-1 Fees," named after the SEC rule that adopted them. The 12b-1 Fees are calculated for each class of shares of a fund, and are calculated as a percentage of the total assets attributable to the share class. The 12b-1 Fees, investment management fees, and other ongoing expenses are described in the fund's prospectus Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. You can use prospectus fee tables to help compare the annual expenses of different funds.

Some mutual funds may also impose a short-term trading fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase. The redemption fee is generally one percent and is paid by the Client. Efforts are made by the Advisor to try and avoid short-term redemptions.

Cash Management Fees and Expenses
The Bank Deposit Sweep Program is a core account investment vehicle used to hold cash balances awaiting reinvestment. The cash balance in a brokerage account at Pershing, Schwab or TD Ameritrade will be automatically deposited or "swept" into an interest-bearing Bank Deposit Sweep Program account.

An investment in a FDIC-Insured Deposit Program is protected by FDIC insurance and therefore not protected by Securities Investor Protection Corporation (SIPC). An investment in a money market mutual fund is not insured or guaranteed by the Federal Deposit Insured Corporation or any other government agency but is protected by Securities Investor Protection Corporation (SIPC). Although the funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investment in the fund.

For additional information on any fund, including investment objectives, risks, charges, and expenses, please consult the fund's prospectus. Contact your financial organization for the fund prospectus and read it carefully before investing. AFP does receive compensation based on assets in the Pershing Cash Management Sweep Program. It receives no additional compensation from the assets in the TD Ameritrade or Schwab cash management programs.

Cash balances in the Advisory Program are also included in the value of account assets used to calculate the Advisory Fees and other asset-based fees we charge to your AFP advisory accounts.

Please refer to Item 14 for additional disclosures about the conflicts of interest this program entails.

Evaluate All Costs of Our Programs
When evaluating the overall costs and benefits of our investment programs, Clients should consider not just our Advisory Fees and Adviser Platform Fees (where applicable), but also the potential Brokerage and Investment Expenses, Custodial Expenses, the Mutual Fund and ETF Expenses, and the Cash Management Fees and Expenses. Not all investment programs charge platform fees. Clients should consider carefully all of the direct and indirect fees and expenses of our services and the investment products we recommend to fully understand the total costs and assess the value of our services. Fees and expenses are an important consideration since these charges lower an investor's returns.

Purchases of Similar Products and Services from Other Firms
Clients can generally purchase similar investment products or services through other firms that are not affiliated with us. Our Advisory Fees, Adviser Platform Fees, and the other costs of our programs are higher or lower than amounts charged by other advisers or financial services firms for similar services and who provide better performance or lower risk.

Clients may also purchase mutual funds or other investment products or services directly from mutual fund companies. The products may be available on a low or "no-load" basis. Although we do recommend "load-waived" mutual fund share classes, they may carry 12b-1 Fees higher than a Client may be able to obtain through a Client's direct purchases from a fund company.

If a Client chooses to purchase investments directly or through another intermediary, the Client will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the Client's financial situation, investment objectives, risk tolerance, and liquidity needs. Please refer to Item 12 for additional information regarding brokerage, transaction, and other fees and expenses Clients will incur.

Fees Paid In Advance
Subject to limitations and requirements of a Third-Party Program, Advisors may negotiate the terms of the Client's Advisory Agreement, including whether Advisory Fees or SMA Advisory Fees are payable in arrears or in advance, whether they are payable quarterly or monthly, and whether fees will be billed to the Client in lieu of being deducted from the custodial account. If we agree to bill the Client for fees, we will deduct the fees from the custodial account if they are not paid within 60 days after billing. In no event will we ask or require prepayment of Advisory Fees of more than $1,200 per Client six months or more in advance.

Compensation from the Sale of Securities and Other Products
AFP is dually-registered as a broker-dealer and investment adviser and is also licensed as an insurance agency. Each of our officers and most of our Advisors are registered as broker-dealer registered representatives. Many are also appointed as agents for life insurance companies. In AFP's capacity as an investment adviser, it receives Advisory Fees (and in some programs, Advisor Platform Fees) from advisory clients. Additionally, in some programs, AFP receives a share of Sponsor Program Fees. AFP shares these forms of advisory compensation with the Advisors. Additional information can be found under Item 10.

As registered representatives of AFP and insurance agents, Representatives and Agents may recommend that a Client purchase or sell investments or insurance products, reallocate existing investments, or take steps to implement a financial plan outside of a Managed Account. If the Client elects to implement the recommendations regarding any investment or insurance products outside of a Managed Account the Representative or Agent will receive reasonable and customary compensation (including without limitation, commissions, asset-based sales charges or service fees, such as 12b-1 Fees from the sale of mutual funds, 529 Plans, or variable products, or commissions from long-term care or other insurance products). Such compensation will be separate from and in addition to the Advisory Fees, Adviser Platform Fees, or share of Sponsor Program Fees. The possibility of receiving such additional compensation creates a conflict of interest because it provides an incentive for the Representative or Agent to recommend such investment or insurance products based on the compensation ("commissions") the Representative or Agent would receive rather than based solely on the Client's investment or insurance needs. Generally initial commissions received are higher than advisory fees.

Additionally, AFP and the Representatives can select or recommend, and in many instances, will select or recommend to Clients, investments in mutual fund (or variable annuity separate account) share classes that pay sales charges and 12b-1 Fees when clients are eligible to purchase share classes of the same funds (or separate accounts) without sales charges or 12b-1 Fees, and are less expensive. The ability to earn the higher amount of compensation creates a conflict of interest by providing the incentive to recommend such share classes based on the benefit to the Representative rather than the Client's interest in the most economical investment.

Clients are under no obligation, contractually or otherwise, to purchase investment or insurance products through AFP, or a Representative or Agent, or otherwise to implement or act upon AFP's or a Representative's or Agent's recommendations. Clients can generally purchase similar investment or insurance products or services through other brokers, dealers, insurance agencies, or other financial intermediaries that are not affiliated with AFP. Refer to Mutual Fund Share Classes under Item 10 for further information regarding the conflicts of interest which exist.

Mutual Fund Share Classes
Depending on the mutual fund share class selected by AFP or its Advisors, 12b-1 Fees are still paid by the mutual fund sponsor. These 12b-1 Fees can be shared with Advisors if also registered as a Representative with the broker-dealer and cause a conflict of interest. These 12b-1 Fees increase the fees you pay and reduce your returns.

You may purchase mutual funds directly with the mutual fund company or through a brokerage account. Mutual funds can offer no-load funds (meaning they'll have no sales charges) or load funds (meaning they'll have sales charges). Mutual fund companies pay AFP different sales charges and 12b-1 fees for different share classes and for different mutual funds held within the same mutual fund company. In addition, sales charges and 12b-1 fees are different from mutual fund company to mutual fund company. When you buy mutual fund shares through your Advisor, you have the option to choose from a number of different share classes. While these share classes represent ownership of the same portfolio - offered by the same fund company and managed by the same investment adviser - each share class has a different cost structure, which affects the costs you pay and can impact your investment returns. The different share classes you transact in also affect how much AFP and your Advisor are compensated. This creates a conflict of interest since your Advisor might be able to recommend a share class that compensates him/her a larger amount and thus, costs you more.

Most mutual fund issuers offer advisory share classes ("Advisory Shares") designed for fee-based investment advisory programs. The availability of Advisory Shares is determined by the product issuer or sponsor. In general, what differentiates Advisory Shares from traditional mutual fund shares is that Advisory Shares have reduced or eliminated the 12b-1 fees paid to firms that sell the fund, and in some cases also have lower ongoing expenses. AFP credits the mutual fund 12b-1 fees it receives back to the client accounts paying such 12b-1 fees. The use of Advisory Shares generally provides a lower cost share class to clients which is to the client's advantage.

If a more expensive share class is held in an advisory account, AFP converts the share class to a lower-cost share class, if one is available from the issuer. Clients who transfer securities into the Program bear the expense of any contingent or deferred sales loads incurred upon selling the product or converting the share class to a lower-cost share class. Clients also have the ability to retain the higher cost share class until any contingent or deferred sales loads have passed before including them in the Account.

No Reduction or Offset of Advisory Fees, Adviser Platform Fees, or Sponsor Program Fees
AFP does not reduce its Advisory Fees or SMA Advisory Fees to offset the value of any brokerage commissions or principal markups, or other transaction-related compensation from the purchase or sale of securities, asset-based sales charges or service fees (such as 12b-1 Fees) from the purchase or sale of mutual funds, 529 Plans or Accounts, or variable products, including such products sold outside of a Managed Account; insurance commissions from the sale of insurance products, including fixed annuities, life insurance, and long-term care insurance; payments for marketing support, conference fees, product due diligence, and payments under the Ausdal Strategic Partners Program.

Additionally, we do not reduce or offset Advisory Fees or SMA Advisory Fees by any of the Additional Compensation, or any other direct or indirect compensation we receive from any custodian, broker, mutual fund company, or insurance company based on or as a result of a Client's purchase or sale of securities, insurance, or other investment products, or based on the value of a Client's account, free credit balance, margin account balance, or retirement account balances. This creates a conflict of interest as it is possible to receive compensation from the commissions earned as well as advisory fees on the same investments. Refer to Item 10 and Item 14 regarding compensation from Sponsors of Third-Party Programs and other third-parties.

AFP does not bill advisory fees on margin balances.

Additional Compensation
AFP also acts as a broker-dealer with respect to certain advisory accounts and advisory programs, and receives the following forms of brokerage compensation with respect to the investments made and assets held in advisory accounts (collectively referred to as "Additional Compensation"). Refer to Item 14 for a complete description of Additional Compensation received by AFP from custodians and third-parties.

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

Because we do not have any performance-based fee arrangements with our Clients, we do not have further disclosures for Item 6.

Item 7 Types of Clients

AFP's Clients are comprised of individuals, high net worth individuals and their families, pension and profit sharing plans, charitable organizations, and other business organizations.

Minimum Account Size
AFP does not impose a minimum account size. Third-Party Programs and Managers may impose minimum sizes to open and maintain accounts, which often exceed $100,000 or higher. The SMA Program may be customized to the individual needs of a Client by choosing a suitable Third-Party Program and one or more Managers with minimum account sizes that meet the Client's needs.

Minimum Annual Program
Some Third-Party Programs impose Minimum Annual Program Fees. Client will be advised of Minimum Annual Program Fees prior to entering to the Advisory Agreement or a Wrap Program Agreement. If a minimum annual program fee or account size is required, the details are disclosed in the Third-Party Program's applicable disclosure brochure.

The Sponsor of Third-Party Programs, and the Third-Party Managers control the specific terms and conditions of a Third-Party Program with respect to minimum account size, and minimum annual fees (amount and calculation).

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

Methods of Analysis

RDP Program & Proprietary Program
For RDP Program accounts, each Advisor is permitted to adopt his or her preferred method of analysis in developing the portfolios and selecting the securities, some of which are discussed below.

For Proprietary Program accounts, the Investment Committee will typically rely on the Signals we receive from our third-party Signal Provider and our evaluation of available and appropriate mutual funds (or other Portfolio investments) in managing accounts. In addition to the investment recommendations provided by the Signal Provider, we conduct our own internal evaluation and selection of appropriate fund families and other investments, and allocation of Client account assets.

Where Advisors are acting as model managers, they will provide their recommendations to the Investment Committee for evaluation. The Investment Committee will hold these recommendations to the same standard of evaluation as the third-party Signal Providers.

Proprietary Program investments may be selected or recommended on the basis of any or all of the following criteria: performance history; asset class and industry sector; the track record, management style and philosophy of the investment manager; the security's fee structure; the fund company's policies and limitations regarding excessive trading and penalties for early redemptions; the size of the investment in comparison to the size of the issuer; the fund company's trading restrictions, and our and our brokers' ability to place and execute orders and maintain records in an efficient manner, at reasonable costs. We may receive and rely on historic financial and other data from sources we deem to be reliable.

SMA Program
For SMA Program accounts, the Advisor evaluates the Third-Party Program and Managers in making the recommendation to the Client. The Third-Party Manager is responsible for trading the account.

The Advisor will rely on the research and performance information provided by the Sponsor in reaching the decision to recommend a Third-Party Program and Manager. The Sponsor conducts research with respect to the managers and the various types of separately managed account strategies, model portfolios ("Third Party Models"), and mutual funds, unit investment trusts, real estate investment trusts, and ETFs (collectively "Funds") they manage, and provides information regarding each manager's investment discipline and approach.

Below, we describe the processes that each Sponsor has represented to us that it follows in the selection and review of strategies and investments we would consider for our accounts in the SMA Program. We have not independently verified these procedures.

The Sponsors have represented that they follow proprietary screening and evaluation processes that focus on quantitative factors such as historical performance and volatility, as well as factors such as a manager's reputation and approach to investing. Each Sponsor conducts periodic evaluations of the Managers available through their program. The Sponsor is responsible for verifying the information provided by the Managers by comparing it to other data from publicly available sources, as well as through proprietary technical, quantitative, and qualitative analyses, including attribution analysis and risk analysis.

We do not audit, verify, or guarantee the accuracy, completeness, or methods of calculating any historic or future performance or other information provided by a Sponsor or any Manager. There is no assurance that the performance information from a Sponsor or any manager, or other source is or will be calculated on any uniform or consistent basis, or has been or will be calculated according to or based on any industry or other standards.

Methods of Analysis Advisors May Use
In addition to the methods of analysis provided by the Sponsors, following are typical methods of analysis that Advisors in any of our programs may use; however, Clients should inquire of their specific Advisor the particular method the Advisor intends to use in managing the Client's account. Each Advisor may adopt the method of analysis he or she deems appropriate.

Fundamental Analysis: Fundamental analysis involves analyzing a company's income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. The fundamental analysis school of thought maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mispriced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and company developments may result in significant price fluctuations that can lead to investor losses.

Technical Analysis: Technical analysis seeks to identify price patterns and trends in financial markets and attempt to exploit those patterns. Technical analysts follow and examine indicators such as price, volume, moving averages, and market sentiment.

Mutual fund and ETF Analysis: In analyzing mutual funds, we look at the experience and track record of the portfolio managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held by other mutual funds. We monitor the mutual funds in an attempt to determine if they are continuing to follow their stated investment strategies. We also evaluate the fees of the portfolio managers and the internal expenses of the mutual funds to determine whether the Client is receiving adequate value for these fees and expenses.

A risk of our mutual fund and ETF analysis is that, as in all investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds in a Client's account may purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable for the Client's portfolio. Moreover, we do not control the portfolio manager's daily business or compliance operations, and we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Investment Strategies & Risks

For the methods of analysis and strategies we use, we have identified the material risks we believe are involved. Of course, we cannot guarantee these are the only risks of investing through our programs.

When deciding whether to participate or to continue to participate in one of our programs, prospective or current Clients should feel comfortable that they have an understanding of how our programs work, the strategies we use, the risks of those strategies, the kinds of investments we use, the fees and expenses they will pay and the compensation we (and our affiliated broker-dealer) will receive, and the conflicts of interests that can potentially affect the advice we give.

We urge prospective Clients to ask questions if they do not understand any of these points.

Margin Transactions

Although not expected to be used frequently, there may be occasions when the Client's account will use a margin account offered by the Custodian to borrow sufficient funds to purchase a security for an account. This typically happens if sufficient cash is not available in the account to purchase the security and it is not advantageous to sell other investments. The use of margin carries risks that Clients should understand. We do not expect to use significant amounts of margin or other leverage in our strategies; however, certain types of transactions may or must be executed through a "margin account."

In volatile markets, security prices can fall very quickly. If the net value of a Client's account (less the amount the Client owes to the broker) falls below a certain level, the broker will issue a "margin call" and the Client will be required to sell the security (and other positions) or add more cash to the account. You could lose more money than you originally invested. Additionally, the Client must pay interest on the margin balance owed to the broker until it is repaid in full. The amount of margin interest will diminish the Client's profits and in some cases could cause net losses in the Client's account.

Recommendation of Particular Types of Securities
We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

Leveraged and Inverse Funds and ETFs

Risk of Leveraged Funds and ETFs
As the name implies, leveraged funds and ETFs seek to provide leveraged returns at multiples of the underlying benchmark or index they track. Leveraged funds and ETFs generally seek to provide a multiple (i.e., 200%, 300%) of the daily return of an index or other benchmark for a single day excluding fees and other expenses. In addition to using leverage, these funds and ETFs often use derivative products such as swaps, options, and futures contracts to accomplish their objectives. **The use of leverage as well as derivative instruments can cause leveraged funds and ETFs to be more volatile and subject to extreme price movements.**

Inverse Funds and ETFs
Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds and ETFs, seek to provide the opposite of the performance of the index or benchmark they track. Inverse funds and ETFs are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds and ETFs also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds and ETFs may also use derivative instruments to accomplish their objectives. ***As such, inverse funds and ETFs are volatile and provide the potential for significant losses.***

Risks Associated with Leveraged and Inverse Funds
Risk associated with holding leveraged and inverse ETF's include, but are not limited to:

A. **Use of Leverage and Derivative Instruments**: Many leveraged and inverse funds and ETFs use leverage and derivative instruments to achieve their stated investment objectives. As such, these funds and ETFs can be extremely volatile and carry a risk of substantial losses.
B. **Most Leveraged and Inverse Funds and ETFs Seek Daily Target Returns**: Most leveraged and inverse funds and ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, the return for investors who invest for a period different than one trading day may vary significantly from the fund's stated goal as well as the target benchmark's performance. This is especially true in very volatile markets or if a leveraged fund is tracking a very volatile underlying index.
C. **Higher Operating Expenses and Fees**: Investors should be aware that leveraged funds and ETFs typically rebalance their portfolios on a daily basis in order to compensate for anticipated changes in overall market conditions. This rebalancing can result in frequent trading and increased portfolio turnover. Leveraged and inverse funds will therefore generally have higher operating expenses and investment management fees than other funds and ETFs.
D. **Tax Treatment of Leveraged and Inverse Funds and ETFs May Vary**: In some cases, leveraged and inverse funds and ETFs may generate their returns through the use of derivative instruments. Because derivatives are taxed differently from equity or fixed-income securities, investors should be aware that these funds may not have the same tax efficiencies as other

funds.

Non-Traded Investments

Real Estate Investment Trusts (REITs)
A Real Estate Investment Trust (REIT) is a tax designation for a corporate entity which pools capital of many investors to purchase and manage real estate. Many REITs invest in income-producing properties in the office, industrial, retail, and residential real estate sectors. REITs are granted special tax considerations which can significantly reduce or eliminate corporate income taxes. In order to qualify as a REIT and for these special tax considerations, REITs are required by law to distribute 90% of their taxable income to investors. REITs can be traded on a public exchange like a stock, offered as a non-traded, public company or offered as a private placement. A Non-traded public company electing REIT tax status is registered with the Securities and Exchange Commission (SEC), but is not listed on an exchange. On the other hand a private company that elects REIT status is exempt from registration. As such, less information may be readily available to investors as with any private offering.

Business Development Companies (BDCs)
A BDC is a form of publicly registered company in the United States that provides financing to small and mid-sized businesses. This form of company was created by Congress in 1980 as an amendment to the Investment Company Act of 1940. As a result, Congress created a new category of closed-end funds known as a business development company.

BDCs are closed-end funds that make investments in private, or in some cases public companies, typically with lower trading volumes, with investment objectives of providing for the possibility of capital appreciation and current income. BDCs are investment companies and answer to an independent board of directors. A BDC can trade on the market but can also be a public, non-traded company, just like a public, non-traded REIT. However, one difference is that unlike a REIT, a BDC cannot be a private offering. BDCs, which essentially can be viewed as a hybrid between a traditional investment company and an operating company, represent a transparent portfolio of loans, similar in some sense to private equity or venture capital.

Publicly filing firms may elect to be regulated as a BDC if they meet certain requirements of the Investment Company Act. One such requirement is that a BDC must maintain at least 70% of its investments in eligible assets before investing in non-eligible assets. Eligible assets can include a domestic issuer that either does not have any class of securities listed on a national securities exchange, or has a class of equity securities listed on a national securities exchange, but has an aggregate market value of outstanding voting and non-voting common equity of less than $250 million and, in each case, is not, with limited exceptions, a registered or unregistered investment company; or either:

A. Does not have a class of securities that are "margin securities"
B. Is controlled by a BDC and has an affiliated person of the BDC as a director
C. Has total assets of not more than $4 million and capital and surplus (shareholders' equity less retained earnings) of not less than $2 million.

The majority of BDCs elect to be treated as a regulated investment company (RIC) for tax purposes. As a result, they must distribute at least 90% of their investment company taxable income, as defined by the Internal Revenue Code, to shareholders every year. A BDC can also receive tax exempt status on the 4% nondeductible federal excise tax if they:

A. Distribute 98% of their ordinary income for each calendar year to their shareholders;
B. Distribute 98% of their capital gain net income in a calendar year to their shareholders; and

C. Distribute any income not distributed in prior years.

To continue to be treated as a RIC for tax purposes, BDCs must also:

A. Continue to qualify as a BDC in accordance with the Investment Company Act of 1940;
B. Derive at least 90% of their gross income from dividends, interest, payments on securities loans, gains from the sale of stock or other securities, or other income derived from their business of investing in these stocks or securities; and
C. Satisfy quarterly RIC diversification requirements by not investing more than 5% of their assets in any single security and no more than 10% of a given security's total voting assets. Following these same requirements, they also may not invest more than 25% into businesses they control or businesses within the same industry.

Non-Traded Closed End Funds
Like a public, non-traded REIT, a public non-traded closed end fund is not traded on the exchange. A closed end fund cannot elect REIT status and cannot be a private company. Like a BDC, a closed end fund is regulated under the investment act of 1940, but is unlike a BDC in terms of the type of investments it can hold. Basically, a closed end fund is a fund with a fixed number of shares, as opposed to an open end fund that creates and redeems shares on a daily basis.

Non-Traded Public Companies
Other companies that are not organized as a REIT, BDC or closed end fund may be organized as a non-traded company, similar to a public company like Apple, except that the company does not trade on an exchange. This structure is sometimes used for offerings that are not real estate, such as specific sector offerings like clean energy.

Risks Associated with Non-Traded Company Investments
The risks of non-traded REITs, BDCs, non-traded closed end funds and non-traded public companies are varied and significant. Because they are not exchange-traded investments, they often lack a developed secondary market, making them illiquid investments. This could limit or restrict a Client's ability to dispose of such investments in a timely manner and/or at an advantageous price. Consequently, a Client should exercise caution to avoid over- concentration of their assets in these types of illiquid investments.

Valuation and Advisory Fees Associated with Non-Traded Company Investments
Ausdal may advise certain qualified Clients to invest in non-traded REITs, BDCs, non-traded closed end funds or non- traded public companies. In order for these offerings to be purchased in an Ausdal advisory account, the distributor must provide advisory-class pricing for their products through a custodian. Generally this means that the distributor allows purchases at a price that "waives" the sales charge, or "load" therefore allowing Ausdal to include the product in the quarterly or monthly asset management fee billing established for the Client's account.

The price of a non-listed security on your account statement provided by a custodian could potentially reflect the original purchase price and not any price or value from a secondary market, a repurchase offered by the sponsor, or the book value. The actual value of the investment on a secondary market or through a repurchase by a sponsor could potentially be significantly higher or lower than the original purchase price contained on the account statement provided by the custodian. The asset management fee for non-traded investments included in your program may be based upon the current valuation set by the product sponsor as reflected on the custodian's account statement. Due to the fact that non-traded investments are illiquid, the value is not easily or readily ascertainable or reported. As a result, the value shown on the account statement provided by the custodian is the most reliable method for determining the present value of the investment.

Variable Annuities Risk
A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate and the remainder of the funds accumulated forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities, pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds and mutual funds do. Some variable annuities offer "bonus credits." These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges), the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

Fee Based Annuities Risk
Fee based annuities are products meant for registered investment advisers, who are paid a flat, annual advisory fee, often based on assets under management, rather than a commission for each product sale. Fee based annuities do not come with a sales load to compensate the adviser. Fee based annuities include an annual advisory fee in the sub-accounts in addition to the annuity's fees. If the advisory fee if paid out of certain annuity products, specifically, nonqualified annuities, the fee payment may be considered a taxable event. Additionally, pulling an advisory fee from the annuity could have other adverse effects, if the product has any type of insurance rider, causing a dilution or nullifying those benefits. Factors such as the advisory fee, expected life of the annuity and if the annuity is actively or passively managed should be considered when selecting a fee-based annuity. Other benefits, such as upfront bonuses, generally only come with commissioned annuities. To get a full understanding of the costs, features and benefits of an annuity, you should closely read your annuity contract. The insurance features of annuity contracts are backed by the full faith and credit of the underlying insurance company.

Risk of Loss and Other Risks

Risk of Loss
Investing in securities involves risk of loss that Clients should be prepared to bear. Securities are not guaranteed and Clients may lose money on their investments. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no

way an indication of future performance. We ask that Clients work with us to be sure we understand their willingness and financial ability to bear the risks of their current investments and the investments we recommend for their account.

Risks of Market, Economic, Political, or Regulatory Events
As a general matter, the values of account assets may fall due to changes in general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, inflation, changes in interest or currency rates or adverse investor sentiment. Adverse market conditions may be prolonged and may not have the same impact on all types of securities. The values of securities may fall due to factors affecting a particular issuer or the securities market as a whole. The risk to a portfolios in the programs will depend on the specific portfolio allocation.

Insolvency of Brokers and Others
Clients will be subject to the risk of failure of the brokerage firms that execute their trades, the clearing firms that such brokers use, and the clearinghouses of which such clearing firms are members. Although we believe the institutions we recommend have sufficient capital, there is no assurance this will continue to be the case.

Interest Rate Risk
Interest rates may go up, causing the value of debt securities held by an account (or by any mutual fund, money market fund, or other fixed income security owned by the account) to decline. This is known as interest rate risk, which may be greater for securities with longer maturities. Again, this is a known risk factor for the Programs, depending on specific allocations.

Credit Risk
The issuer (or other obligor) of a security owned by the account (or by any mutual fund, money market fund, or variable product owned by the account) may fail to pay principal or interest, or otherwise defaults, or may be perceived to be less credit worthy, or the security's credit rating may be downgraded, or the credit quality or value of any underlying asset may decline. This is known as credit risk. This risk is greater for high yield securities than for securities of higher credit quality. Accounts participating in the Programs may invest in high yield securities.

Prepayment Risk
During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the account (or any mutual fund, money market fund, or variable product owned by the account) to reinvest in lower yielding securities. This is known as call or prepayment risk.

Extension Risk
During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security's duration (a calculation of a security's future payments designed to measure sensitivity to interest rate changes), increase the security's sensitivity to interest rate changes and reduce the value of the security. This is known as extension risk.

Liquidity Risk
From time to time, as a result of economic, market, or issuer-specific reasons, one or more investments held by the account may become difficult to sell at a favorable price, and in certain adverse markets or economic conditions, may become difficult to sell at any price. The causes of a loss of liquidity may not be related to any specific adverse changes in the business of a particular issuer.

Risk of Holding Cash Balances for Extended Periods of Time

Some strategies may seek to improve long-term risk-adjusted performance by holding substantial cash balances for extended periods of time. Although cash balances are important to ensure adequate liquidity to pay fees and expenses, and to meet unexpected personal expenses; however, beyond these amounts, in the current low yield environment any earnings would be substantially depleted by the Advisory Fees that will be charged against these assets. AFP would be reluctant to recommend such a strategy for the cash balances, except during relatively short periods of time to address temporary situations.

Risk of Delays In Accounts

For a variety of reasons, there may be periods of time when we will not be able to trade an account. For example, accounts may require several weeks after the Advisory Agreement is signed by all parties before we will be able to enter trades with the Custodian (and such period may be lengthened as a result of delays by Client or third parties in transferring assets to the Custodian). Similarly, accounts that are transferred between Custodians, or whose registrations are changed, or that change Portfolios may experience periods during which we will not be able to trade the account. Further, there will likely be periods when we are not able to trade an account as a result of AFP's administration, review, portfolio management, trade execution, or other handling of that account or the account for other Clients.

During periods when we are not able to trade the account, we may receive a Signal that we may not be able to effect. As a result, the account may incur losses that would not have been incurred, or may miss profits or opportunities that would have been realized, if the account had been traded.

Following such periods, we will endeavor to trade the account and effect transactions so that the account reflects the Portfolio designated for the account, but such transactions may result in immediate losses for the account. We assume no responsibility for losses or missed profits or opportunities resulting from: the account not being traded during any such period; engaging in transactions so that an account reflects the Portfolio; or from implementing any instruction from the Client.

Advisor does not guarantee that transactions will occur within any minimum period of time following receipt of a Signal or that transactions for any account will occur at the same time as transactions for other accounts. We will attempt, when reasonably able, to move all Clients promptly following receipt of a Signal, but Clients should expect that delays will occur, transactions for particular accounts may be delayed until after transactions for other accounts have been effected, and losses may be incurred or profits or opportunities may be missed, all at the risk (and potential benefit) of the Client. Although with respect to any particular Signal or transaction, certain accounts may not be treated the same as other accounts, we will implement procedures to avoid particular accounts being treated unfairly over reasonable periods of time.

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 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 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; AFP failed to retain some e-mail correspondence related to its business as a broker-dealer for over two years. AFP began using a new third-party provider to retain its e-mails and when the provider implemented AFP's e-mail retention system, it established e-mail addresses for AFP's personnel on its server. After the initial set-up, AFP 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. AFP 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. AFP 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 AFP. 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, AFP consented to the sanctions and to the entry of findings and therefore AFP was censured and fined $25,000.

Item 10 Other Financial Industry Activities and Affiliations

Registration as a Broker-Dealer and Insurance Agency
Our firm is also registered as a broker-dealer and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. The principal business of AFP is that of a securities broker-dealer. AFP's management employees (who are also registered as Advisors) and virtually all Advisors are registered as broker-dealer registered representatives of AFP ("Representatives"), and are authorized to sell securities. Our firm is also licensed as an insurance agency. Many Representatives are also licensed to sell life, health, and annuity products and are appointed as agents ("Agents") by various life insurance companies; AFP is a party to standard agency contracts with life insurance companies which govern compensation from insurance products and renewals. Please see below for additional information related to these conflicts of interest.

Registered Representatives and Insurance Agents
Clients are under no obligation, contractual or otherwise, to purchase investment or insurance products through AFP, or a Representative or Agent, or otherwise to implement or act upon AFP's or a Representative's or Agent's recommendations. Clients can generally purchase similar investment or insurance products or services through other brokers, dealers, insurance agencies, or other financial intermediaries that are not affiliated with AFP. Clients may purchase mutual funds directly from mutual fund companies. The products may be available on a low or "no-load" basis.

AFP has adopted the following to address the conflicts of interest with respect to selection or recommendation of investment or insurance products outside of Managed Account(s):

- we disclose the existence of the conflict of interest that arises from the incentive AFP and a Representative (or Agent) have to earn additional compensation from recommending the purchase of securities or insurance products in addition to the Advisory Fees, Adviser Platform Fees, and share of Sponsor Program Fees AFP receives;

- we disclose to Clients they have the right to decide whether or not to act on such recommendations, and if they choose to act on such recommendations, they have the right to purchase such products through AFP and Representative (or Agent), or through another broker-dealer, insurance agency, financial institution, or professional of their choosing, which may charge less (or more) for such products;
- we request Clients provide and update material information regarding their personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the Managed Account(s), and where possible, overall household financial situation, and
- we conduct regular reviews of account investments;
- we require that our Advisors and Representatives seek prior approval of outside employment activity so that we may detect conflicts of interests and ensure such conflicts are properly addressed;
- we periodically ask Advisors and Representatives to certify information regarding their outside employment activities; and
- we educate our Advisors and Representatives regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients.

Mutual Fund Share Classes
We also recommend "no-load" mutual fund share classes; however, many of the mutual funds we recommend carry 12b-1 Fees or other internal expenses higher than a Client is able to obtain through direct purchases from a mutual fund company or from other financial services firms. If a Client chooses to purchase investments directly from a mutual fund company or through another intermediary, the Client will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the Client's financial situation, investment objectives, risk tolerance, and liquidity needs.

For additional information, please refer to Item 5, Mutual Fund Share Classes.

Registrations with Registered Investment Advisers
Certain persons providing investment advice on behalf of our firm are dually registered as investment adviser representatives with our firm and an unaffiliated registered investment adviser. In their separate investment adviser representative capacities, they are providing sub-advisory services to AFP through model portfolio management. Advisory clients maintain accounts through AFP and not directly with the third-party registered investment adviser. Dually registered investment adviser representatives will not earn fee-based compensation from both firms with respect to the same account. New clients will be asked to sign an addendum to the advisory contract when AFP engages a third-party registered investment adviser as a sub-advisor for your account. You are under no obligation to utilize the services of the third-party registered investment adviser through our firm.

Tax Preparation and Accounting Services
Certain associated persons and/or executive officers of our firm are certified public accountants ("CPAs") or provide accounting or tax preparation services in their individual capacities. These services may be offered through a related entity, however, these entities are not under common control or ownership with our firm. If you require accounting or tax preparation services, our associated persons will, when appropriate, recommend that you utilize their services. Our advisory services are separate and distinct from the compensation paid to our associated persons for their services. These individuals and/or related entities are otherwise regulated by the professional organizations to which they belong and must comply with the rules of those organizations. This activity presents a conflict of interest

because our associated persons have a financial incentive to recommend the tax preparation and/or accounting services they provide. While we believe that compensation charged by our associated persons or their related entities is competitive, such compensation may be higher than fees charged by other firms or individuals providing the same or similar services. You are under no obligation to use the services of any associated person or related entity and may obtain comparable services and/or lower fees from another service provider.

Recommendations or Selections of Other Investment Advisers
We are required to disclose if we recommend or select other investment advisers for our Clients and if so, whether we receive any compensation that creates a material conflict of interest. We must also disclose if we have other business relationships with advisers we recommend that create material conflicts of interest, and describe how we address the conflicts.

Other Financial Related Business Activities - Private Placements

Mint Hill Capital 1, L.L.C.
Certain persons providing investment advice on behalf of our firm are principals of Mint Hill Capital Holding Company, L.L.C., a limited liability company organized under the laws of North Carolina. Mint Hill Capital Holding Company, L.L.C. serves as the Manager to Mint Hill Capital 1, L.L.C. ("the Fund"), a pooled investment vehicle offered only by private placement memorandum and other offering documents to certain sophisticated investors meeting certain minimum financial requirements as summarized in the offering documents. AFP serves as the placement agent for the Fund. Clients and employees of AFP will be solicited to invest in the Fund. This activity presents a conflict of interest because our firm has a financial incentive to recommend the Fund to qualified investors. Our associated persons, in their separate capacities as principals of Mint Hill Capital Holding Company, L.L.C., have a financial incentive, including but not limited to, management fees, developer fees, and carried interest, to recommend the Fund to you. Additionally, please refer to the conflicts of interest referenced above in this section and below (Item 11), when AFP acts as a placement agent and AFP Representatives solicit investments in the Fund.

Investments in the Fund will be held in a brokerage account and are not permitted in advisory accounts. The fees charged by the Fund are separate and apart from our advisory fees. Persons affiliated with our firm have made an investment in the Fund and have an incentive to recommend the Fund over other investments. In an effort to mitigate the conflicts of interest related to investing in the Fund, we are disclosing the material conflicts to you. You are under no obligation to invest in the Fund or any other securities recommended by AFP, AFP Representatives or any person affiliated with our firm.

Ausdal Financial Partners - Advisory Programs
Proprietary Advisory Program: In the Proprietary Program, AFP recommends the Probabilities Fund Management, LLC ("PFM"), an SEC-registered investment adviser, to assist in the development of model portfolios and selection of securities to be used for the Growth Sleeve of the Client's portfolio, and to provide signals AFP may use to identify when to buy and sell securities for Client accounts. AFP has the following material conflicts of interest with respect to its engagement of PFM:

> **Probabilities Fund:** The principal owner of PFM is a former AFP Advisor. AFP owns an interest in PFM (although less than 5%). Robert B. Ausdal Jr., President of AFP, serves as a consultant to the PFM investment committee, a position for which he receives no compensation. AFP benefits financially from advisory fees paid to PFM, although the extent of such benefit has not been disclosed. AFP must still disclose it has a conflict of interest due to the fact its recommending of models or portfolios developed or advised by PFM will be based on the economic benefits from such recommendation, rather than based upon the investment needs of the client.

SMA Program: As disclosed in Item 5, certain Sponsors share a portion of their Program Fee with AFP (typically, not more than 15 basis points based on the Client's account value). The payment provides an incentive to recommend the Sponsor and its Third-Party Program based on the share of Program Fees received rather than based solely on the Client's investment needs or interest in advisory services at reasonable cost.

Ausdal Wrap Fee Program: The Wrap Fee Brochure discloses conflicts of interest, similar to the conflicts involving recommendations of Sponsors Third-Party Programs in the SMA Program. Clients interested in a wrap fee program (where a single fee (or fees) is charged for investment advice and brokerage services) should request and review the Ausdal Wrap Fee Brochure. The Wrap Fee Brochure addresses the direct and indirect economic benefits Ausdal receives from recommending the Third-Party Managers AFP recommends to Clients participating in the Wrap Fee Program.

In addition to other factors to consider, certain Sponsors of Third-Party Programs in the SMA Program and Wrap Fee Program provide AFP and its Advisors access to portfolio modeling tools and research, which tools and research AFP and the Advisors would not have access to if AFP and its Advisors did not refer Clients to the Sponsor and Third-Party Programs. Consequently, to the extent AFP and the Advisors value the continued use of such tools and research without having to pay the costs from their separate funds, AFP and the Advisors have an incentive to recommend the Third-Party Programs to Clients based on their economic interests in continuing to receive such tools and research without payment from their separate funds, rather than based on the Client's investment needs.

AFP has adopted the following steps to address these conflicts of interest with respect to recommendations related to the Proprietary Advisory Program, SMA Program, and Ausdal Wrap Fee Program:

- we disclose the conflicts to our Clients in this Brochure, including the conflict related to the economic benefit from AFP and Advisors' access to portfolio modeling tools and research which tools and research we would not have access to if AFP and its Advisors did not refer Clients to the Third-Party Programs;
- we monitor our accounts and conduct appropriate ongoing due diligence to evaluate the quality and costs of our Programs, including Third-Party Programs, to determine whether our recommendations of them, including Third- Party Managers, to identify conflicts of interest, and otherwise continues to meet our fiduciary obligations;
- we disclose to Clients they have the right to decide whether or not to act regarding any recommendation where a conflict exists related to the Probabilities Fund (model portfolios recommended by PFM), SMA Program (recommendation of Sponsors that share Program Fees with AFP), and Wrap Fee Programs (programs where Wrap Fee Brochure discloses conflict);
- we disclose that if a Client chooses to act with respect to a recommendation, they have the right to implement such recommendations through AFP and Advisor, or through another investment adviser, financial institution, or professional of their choosing, which may charge less (or more) for investment products or services; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need to have a reasonable and independent basis for the investment advice provided to Clients.

Ausdal Financial Partners - Strategic Alliance Program
Strategic Alliance Program: The Strategic Alliance Program is a joint educational and marketing program involving various financial service providers, some of which are investment advisers, while others are investment companies, insurance companies, and other financial services firms. The Strategic Alliance Program offers participants exposure to AFP Advisors and Representatives via educational sessions and other meetings. Expenses associated with sponsorship of these events are

funded through a fixed fee paid by partner firms. In any given year there are between 10 and 15 "Strategic Alliance" partners participating in the program with contributions ranging from $5,000 to $15,000 per firm. During the course of the year, Strategic Alliance Partner may be allowed:

- Business contact information for all AFP Advisors and 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 Advisors and Representatives. In some cases, new "partners" are selected for inclusion based on AFP's assessment of the proposed partner's potential value to AFP, its Advisors and Representatives, and its Clients. Strategic Alliance Partners are not the sole participants in AFP meetings and events. Many other products and services are included in Ausdal meetings and events irrespective of financial support.

Although other product sponsors are granted access to AFP's meetings, as a result of AFP's economic interest in continuing to receive the significant sponsorship payments by the Strategic Partners through the Strategic Alliance Program, a conflict of interest exists where AFP has an incentive to provide priority access to its Advisors and Representatives to the Strategic Partners based on the economic benefits to be received rather than based solely on the investment needs and benefits to the Client.

AFP has adopted the following steps to address the conflicts of interest with respect to recommendations related to the Strategic Alliance Program:

- we disclose the conflict to our Clients in this Brochure;
- we conduct appropriate ongoing due diligence to ensure we have a reasonable basis for recommending Strategic Partners generally, and individually with respect to each Client;
- we disclose to Clients they have the right to decide whether to accept or reject any recommendation of a Strategic Partner, and if they choose to act on such recommendation, whether to implement a recommendation to purchase any investment, insurance or other product or service by or through AFP and an Advisor, or to select another broker-dealer, insurance agency, or financial institution of their choosing, which may charge less (or more) for such products;
- we collect and maintain adequate information about our Clients and their accounts, including their financial circumstances, investment objectives, and risk tolerance, and we conduct regular account reviews to confirm investment selections or recommendations are suitable;
- we periodically review overall holdings to identify significant disparities indicative of unusual treatment; and we educate our Advisors and employees regarding our fiduciary responsibilities, regardless of fee arrangements; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need to have a reasonable and independent basis for the investment advice provided to Clients.

The inclusion of a firm as a Strategic Alliance Partner does not necessarily mean their product or service will benefit any Client and may serve only to benefit AFP and its advisors.

Refer to Item 5 and Item 14 for additional disclosures of conflicts of interests and compensation received by AFP and its Advisors.

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

Code of Ethics

We have adopted a Code of Ethics expressing our commitment to ethical conduct. Our Code of Ethics describes our fiduciary responsibilities to our Clients, and our procedures in supervising the personal securities transactions of our supervised persons who have access to information regarding Client recommendations or transactions ("access persons"). We owe a duty of loyalty, fairness, and good faith towards our Clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

A copy of our Code of Ethics is available to our Clients and prospective Clients. You may request our Code of Ethics by email at ausdal@ausdal.com or by calling us at (800) 722-8732.

Our Code of Ethics includes policies and procedures for the review of our access persons' quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by AFP's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement, and recordkeeping provisions.

Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where we reasonably believe the interests of our Clients will not be materially adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the Client even at the personal expense of our employees.

Our Code of Ethics prohibits the misuse of material non-public information. While we do not believe that we have any particular access to material non-public information regarding publicly traded companies that would be subject to misuse, all employees are reminded that any such information may not be used in a personal or professional capacity.

AFP and its principals, officers, affiliates, employees and Advisors may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnerships or other businesses, subject to compliance with AFP's Code of Ethics. In doing so, AFP or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular Client.

Neither AFP nor any Advisor has any obligation to purchase or sell, or to recommend for purchase or sale, any security which AFP or any principal, officer, employee or Advisor purchases or sells for his own account or for the accounts of other Clients, unless such conduct is a fiduciary obligation.

Participation or Interest in Client Transactions - Principal Transactions

We direct trades to one or more broker dealers that acts as principal, buys securities from (or sells securities to) our clients in regard to certain transactions. These transactions present a conflict of interest as both our employees as well as the broker dealer's earn transactional fees (mark-ups or mark-downs) from such transactions and has an incentive to execute client orders in this manner. We address this conflict in the following manner:

1. We will only trade as principal when we believe the transaction is in the best interest of our clients;
2. We believe the transaction fulfills our duty of best execution with respect to the particular

transaction; and

3. Prior to the completion of such a trade we will make disclosures to our effected clients regarding:
    a. the price of the security;
    b. other best quoted prices;
    c. any commission, mark-up, or mark-down; and
    d. obtain our client's consent.

Recommendations Involving Our Financial Interests

Probabilities Funds Management, LLC
As disclosed in Item 4, Probabilities Fund Management, LLC ("PFM"), an SEC-registered investment adviser, is currently engaged to assist in the development of the Probabilities Portfolios and selection of the securities to be used for the Growth Sleeve, and also provides signals ("Signals"). AFP's former Advisor is the majority owner of PFM, AFP's president serves as an uncompensated consultant to PFM's Investment Committee, and AFP owns a small (less than 5%) equity interest in PFM. AFP benefits financially from advisory fees paid to PFM. AFP must still disclose it has a conflict of interest due to the fact its recommending of models or portfolios developed or advised by PFM will be based on the economic benefits from such recommendation, rather than based upon the investment needs of the client.

We strive to address this conflict in a manner consistent with our fiduciary duty, by disclosing it in this Brochure; by disclosing to Clients they have the right to decide whether or not to act on any such recommendation by AFP or any of its supervised persons; and if they choose to act, Clients may elect to implement any recommendation through AFP and a Representative, or another broker-dealer, insurance agency, or financial institution of their choosing, which may charge less (or more) for such products; and we educate our supervised persons regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for investment advice provided to Clients.

Amplify Holdings, LLC
AFP has signed a best efforts selling agreement to participate in the private placement offering to accredited investors of membership interests ("Interests") in Amplify Holdings, LLC ("Amplify"), a business that is distributing shares of multiple Exchange-Traded Funds ("ETFs"). Amplify was formerly considered a "related person" with respect to AFP because the companies were under "common control" due to a former member of AFP's board of directors serving on Amplify's board of directors. However, common control has ended and Amplify is no longer AFP's related person.

It is expected AFP Representatives will continue to solicit AFP advisory Clients to purchase the Interests. Any such purchases will be made through such Clients' brokerage or other accounts which AFP is not managing as advisory accounts. The Interests will not be held as assets in any advisory account and AFP will not purchase the Interests in any advisory account through the exercise of discretion. AFP will earn selling compensation as a broker-dealer from the sale of the Interests, and the selling Representative will share in such compensation for selling the Interests, even if the investment is not successful for investors.

In addition, Representatives of AFP will be authorized to sell to their advisory Clients shares of Amplify's ETFs, which will result in financial benefit to principals and Representatives of AFP in cases where the principals and/or Representative personally have acquired interests in Amplify. Consequently, even though we have adopted procedures to ensure that no Client invests advisory assets, and that all investments are suitable for the investor, it is possible that our judgment could be materially affected by the prospective of the financial gain, such that AFP and the Representative will recommend Clients purchase the Amplify ETFs based on the economic benefits to be received rather than based solely on the Client's investment needs

Mint Hill Capital 1, L.L.C.
AFP has signed a best efforts selling agreement to participate in the private placement offering to accredited investors of membership interests (referred to as "Units") in Mint Hill Capital 1, LLC ("the Fund"). As described above, certain associated persons serve as the manager to the Fund through an outside business activity, and therefore, have additional financial incentives to recommend Units of the Fund. Please refer to Item 10 for additional information related to conflicts of interest related to the Manager of the Fund.

It is expected AFP Representatives will continue to solicit AFP advisory Clients to purchase the Fund's Units. Any such purchases will be made through such Clients' brokerage or other accounts which AFP is not managing as advisory accounts. The Units will not be held as assets in any advisory account and AFP will not purchase the Units in any advisory account through the exercise of discretion. AFP will earn selling compensation as a broker-dealer from the sale of the Units, and the selling Representative will share in such compensation for selling Units, even if the investment is not successful for investors.

In addition, Representatives of AFP will be authorized to sell to their advisory Clients Units of the Fund, which will result in financial benefit to principals and Representatives of AFP in cases where the principals and/or Representative personally have acquired Units in the Fund. Consequently, even though we have adopted procedures to ensure that no Client invests advisory assets, and that all investments are suitable for the investor, it is possible that our judgment could be materially affected by the prospective of the financial gain, such that AFP and the Representative will recommend Clients purchase the Fund based on the economic benefits to be received rather than based solely on the Client's investment needs.

Investments in Securities We Recommend to Clients
Individuals associated with AFP may buy or sell securities for their personal accounts identical to or different from those recommended to Clients. It is the policy of AFP that no person employed by AFP shall prefer his or her own interest to that of an advisory Client or make personal investment decisions based on the investment decisions of Clients. Subject to the Code of Ethics, AFP and its employees are permitted to trade for their own accounts side-by-side and in block transactions with AFP's Clients in the same securities, and at the same time. We have adopted the procedures described below to address the actual and potential conflicts of interest raised by our policies.

Investments Around Time of Client Transactions
Subject to the procedures in this section, AFP and its employees are permitted to trade for their own accounts side-by-side with Clients in the same securities at or around the same time as Clients on the same trading day, and are permitted to aggregate trades for their proprietary accounts with trades for Client accounts. AFP, its employees, and its affiliates may buy or sell securities for their personal accounts identical to the securities recommended to Clients.

In addition to the procedures described above, we have adopted the procedures described below to address these conflicts of interest or our policies described above:

- AFP prohibits employees from knowingly purchasing or selling securities (other than mutual funds or other securities that are not treated as "reportable securities") immediately prior to Client transactions, in order to prevent employees from benefiting from transactions placed on behalf of advisory accounts;

- no director, officer, or employee of AFP shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry;
- no director, officer, or employee of AFP shall knowingly prefer his or her own interest to that of an advisory Client;
- AFP maintains records of securities held by AFP and its access persons. These holdings are reviewed on a regular basis by the Investment Committee;
- AFP emphasizes the unrestricted right of the Client to decline to implement any advice it has rendered (except where AFP has entered an order pursuant to its exercise of discretionary authority);
- AFP requires all employees to act in accordance with all applicable Federal and State laws and regulations governing registered investment advisory practices; and
- any individual not in observance of the above may be subject to discipline.

Item 12 Brokerage Practices

Factors in Recommending Custodians and Brokers
AFP recommends custodians that are broker-dealers or are affiliated with broker-dealers taking into their consideration the nature of the services and reporting required, the technology integration capabilities, cost, and quality of services, reputation, integrity and financial condition. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Our selection of custodians is based on many factors, including the level of services provided, the custodian's financial stability, and the cost of services provided by the custodian to our clients, which includes the yield on cash sweep choices, commissions, custody fees and other fees or expenses.

Our recommendations are directly affected by the fact that AFP is a dually-registered broker-dealer and investment adviser. Our investment adviser representatives are registered representatives of our broker-dealer. We recommend Pershing as custodian and broker because we are intimately familiar with its operations and are able to place orders, assist Clients, resolve questions, and administer accounts very efficiently.

Clients should be aware, however, that even though this arrangement is very efficient for us, we have an obligation to evaluate the custodians and brokers we recommend on a continuing basis to determine they are appropriate for our Clients and consistent with our fiduciary responsibilities. An arrangement that is best for our firm is not necessarily best for you.

Brokers for Managed Accounts and Non-Program Brokers
AFP will act as introducing broker for Advisory Accounts custodied at Pershing. For Managed Accounts held at TD Ameritrade, Pershing, or Schwab (or other qualified custodian acceptable to AFP and a Sponsor) (the "Custodian") the Custodian will serve as custodian and broker-dealer, except in the limited circumstances of a trade placed with a non-program broker (explained below).

In a Third-Party Program, the designated broker-dealer executes and clears purchase and sale orders placed by the Managed Account's portfolio manager, provides transaction confirmations, account statements, annual reports, prospectuses, and tax information, and maintains custody of Client cash and securities. However, in the event that a portfolio manager reasonably believes in good faith that another broker or dealer will provide better trade execution considering all factors, including the net price, then it may execute the transaction through another broker (a "non-program broker"). In these circumstances, the account will be charged the separate brokerage commissions and other transaction costs of the non-program broker.

Brokerage arrangements for certain Third-Party Programs will be handled on the basis of "directed brokerage subject to most favorable execution." This means that the Client will direct all the portfolio manager of the account's assets to place purchase and sale orders through a specific broker-dealer. Please review the below disclosures for additional information on directed brokerage and aggregated orders.

Notwithstanding a directed brokerage provision, these programs often authorize the portfolio manager to effect transactions with a non-program broker, if the portfolio manager believes that "best execution" may be obtained through such non-program broker.

In placing orders with a non-program broker, the portfolio manager's primary objective will be to obtain prompt execution of orders at the most favorable prices reasonably obtainable. In doing so, the portfolio manager may consider a number of factors, including, without limitation, the overall direct net economic result to the Client, the financial strength, reputation and stability of the non-program broker, the efficiency with which the transaction is effected, the ability to effect the transaction at all, the availability of the broker to stand ready to execute possibly difficult transactions in the future and other matters involved in the receipt of brokerage services. In these circumstances, however, the Client's account will be charged the separate brokerage commissions and other transaction costs of the non-program broker.

Research, Soft Dollar and Other Economic Benefits
In addition to Pershing, AFP participates in the institutional advisor programs offered through Charles Schwab & Co., Inc. ("Schwab") member FINRA/SIPC, and TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. Pershing, Schwab, and TD Ameritrade are all independent, unaffiliated SEC-registered broker-dealers. Through these programs, Pershing, Schwab, and TD Ameritrade offer to independent investment advisors various services not generally available to retail investors, including custody of securities, trade execution, clearance and settlement, and access to mutual funds otherwise only available to institutional investors.

AFP participates in and recommends the Schwab, TD Ameritrade and Pershing institutional advisor programs to its Clients for custody and brokerage services. There is no direct link between AFP's participation in these institutional programs and the investment advice AFP gives to its Clients; the various useful benefits and services AFP or its personnel receive through participation in these programs do not depend on the amount of brokerage transactions directed to these custodians. These services generally are available to independent investment advisors on an unsolicited basis, at no charge so long as a certain minimum amount of Client assets are maintained in accounts at the particular custodian.

Through AFP's participation in these institutional programs, Schwab, TD Ameritrade, and Pershing, may provide AFP or its various useful benefits and services described below. Schwab, TD Ameritrade, and Pershing provide these benefits and services to AFP due to our relationship with them, which may be based on the amount of Client assets custodied with them or the level of trading activity in Client accounts; however, none of these services described here or under Item 14 are provided in consideration of brokerage commissions directed to Schwab, TD Ameritrade or Pershing.

Some of the useful benefits and services made available by Schwab or TD Ameritrade through their institutional customer programs or by Pershing may benefit AFP but may not benefit all or any of our Client accounts. When we select or recommend Pershing, Schwab, or TD Ameritrade, we may take into consideration whether such firms provide us with such benefits and services.

We review our recommendations on a continuing basis to determine if our selections are reasonable and consistent with our fiduciary responsibilities. In recommending custodians and brokers, we consider the full range and quality of their services, including, among other things, execution capability, cost, financial responsibility, responsiveness, and the value of research and other services provided. We will not recommend a custodian solely on the basis of the lowest possible commission cost, but rather, we will determine whether the custodian has the ability to provide the best overall qualitative execution considering all factors.

The reasonableness of compensation is based on the custodian's ability to provide professional services, competitive commission rates, research, and related services that will help us in providing investment services to our Clients.

Consequently, we may recommend a custodian that provides useful brokerage, research, and related services, even though lower costs may be available elsewhere. Each of the custodians we recommend makes available to us useful benefits and services that include advanced technology, support, and services that assist us in managing and administering our advisory accounts, including:

- Receipt of duplicate Client statements and confirmations;
- Consulting services;
- Access to a trading desk serving AFP Clients;
- 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 which may result in lower Client expenses;
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to AFP by third-party vendors;
- Communication services that support communication of trade instructions;
- Post-trade matching and routing of settlement instructions;
- Access to electronic Client account records and data; and
- Provides research, pricing and other market data.

We have no obligation to refer Clients to Pershing, Schwab, or TD Ameritrade; however, it is unlikely that we would continue to have access to these tools if we did not refer Clients to them.

Importantly, the availability of these useful benefits and services creates a financial incentive for us to recommend these firms for our Clients' accounts so that we can continue to receive all of these services, and avoid paying for them separately at our own expense. Our interests conflict with our Clients' interests in obtaining the lowest possible execution costs.

Although we strive to address this conflict in a manner consistent with our fiduciary duty, our judgment may be affected such that our efforts may not be entirely successful. To help mitigate this conflict, we have adopted procedures to analyze periodically the services and programs provided by or available through our custodians and brokers, to evaluate the usefulness of these services in relation to the costs of the services, and to assess the overall quality of the services.

The services and costs available to you from Pershing, Schwab and TD Ameritrade are different and you should discuss these with your Advisor so that you can determine the best custodian for your Advisory Account(s).

Lower Costs Available for Similar Services
We offer no assurance that the advisory fees, transaction costs, or investment expenses our Clients will incur by using AFP as their investment adviser or introducing broker-dealer, or using our clearing firm as broker for their accounts will be as low as the fees or investment expenses charged by other firms for similar services. It is likely that lower costs are available for similar services from other advisers, brokers or custodians, and by paying lower costs, Clients could significantly improve their long-term performance.

Brokerage Services Do Not Benefit Specific Accounts
We do not attempt to put a dollar value on the useful benefits and services each account receives from Pershing, Schwab, or TD Ameritrade, nor do we attempt to allocate or use the economic benefits and services received for the benefit of specific accounts, or attempt to use any particular item to service all accounts. We will use the economic benefits and services we receive to assist in managing accounts not maintained with the custodian whose commissions were used to pay for such services. The useful benefits and services we receive from custodians and broker-dealers are used to help AFP to fulfill its overall Client obligations. Clients will likely pay commissions or other transaction costs that will be used to pay for services that are not used to benefit their account.

Brokerage for Client Referrals
Neither our clearing firm, Pershing, nor other brokers for Client accounts, Schwab, or TD Ameritrade (or their affiliates) refer Clients to us.

Directed Brokerage
We do not require, but will accept "directed brokerage" instructions from our Clients. This means the Client may require us to use a particular broker to execute all of their brokerage orders, even if we could obtain more favorable execution elsewhere.

When a Client directs the use of a particular broker-dealer, we will not aggregate the Client's orders with the orders of Clients at other brokers. Orders for these accounts will not be placed until after orders are placed for accounts that have not directed the use of a particular broker. As a result, the Client will not receive the benefit of reduced transaction costs or better prices that may result from aggregation of Client orders, as discussed below. Further, when we are directed to use a particular broker-dealer, we will not have the authority to negotiate commissions, obtain volume discounts, or seek price improvement from other broker-dealers.

Consequently, Clients should understand that the direction to place orders with a broker-dealer may result in the broker not achieving most favorable execution of the Client's transactions. This practice may cost the Client more than if we had discretion to select another broker-dealer. A disparity may arise such that Clients who direct brokerage may pay higher overall transaction costs and receive less favorable prices than Clients who do not direct brokerage.

Aggregation and Allocation of Transactions
For the RDP Program and Proprietary Program, the Advisory Agreement authorizes, but does not require, AFP to aggregate orders of more than one discretionary client for the same security into "block trades." Proprietary accounts of our firm or its supervised persons (employees) may participate in block orders on the same basis as clients.

For certain types of investors and accounts, the ability to have their orders aggregated into a "block order" with other Clients can offer economic benefits, including the potential for volume discounts on their orders, potentially timelier execution, a potential reduction of adverse market effects that can occur from separate, competing orders, and mutual sharing of transaction costs. For accounts that purchase individual securities, such as stocks or bonds, the broker may be able to negotiate price improvements for block orders.

Block orders are typically placed through an "average price account" or similar account such that transactions for accounts participating in the order are averaged as to price (which will be NAV for all mutual fund securities), and the securities purchased or net proceeds received are allocated pro rata among the accounts in proportion to their respective orders placed that trading day.

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless we determine that another method of allocation is equitable (such as an alphabetical rotation, rotation based on the Clients of a particular Advisor, or other method). Exceptions may be granted or allowed due to varying cash availability, divergent investment objectives, existing concentrations, tax considerations, investment restrictions, or a desire to avoid "odd lots" (an amount of a security that is less than the normal unit of trading for that security).

Because AFP manages more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by AFP. AFP may give advice and take action with respect to any of our clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances.

It is AFP's policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients.

Allocation of Limited Investment Opportunities
At times, there will be limited supply of an investment and we will be required to decide which accounts will be able to purchase the investment. Although we do not receive allocations of initial public offerings of stock (IPOs), this would be an example of a situation where demand for an investment opportunity could far outweigh supply. When supply is not sufficient to meet demand, we will be required to decide how which account will participate, and to what extent, in the allocation of the amount of the security we are able to acquire.

In determining which portfolios or accounts will participate or receive an allocation of a limited investment opportunity, we may consider and give greater weight to, among other factors, any one or more of the following factors: asset class or type of security; identity and industry sector of the issuer; market and economic conditions; quantity of the security available to us; available cash, liquidity needs, size, and investment objective of the eligible accounts; effective, current, or target yields, returns, spreads, coupon, duration, or credit quality; volatility (as measured by standard deviation, by comparison against a benchmark or index, or by other measures selected by us); actual, estimated, or target rates of return targets; liquidity, tax position, and investment restrictions. Such factors may be calculated, derived, or estimated by us or any third party or data source we believe is reasonably reliable.

It may not be possible to allocate a limited investment opportunity to accounts held in directed brokerage arrangements.

Item 13 Review of Accounts

Account Reviews
RDP Program account investments are reviewed continuously by the Advisor assigned to the account. The Advisor also conducts periodic evaluations of the portfolio for consistency with investment objectives and restrictions, and with the account's stated objectives and strategy.

Proprietary Program model Portfolios are reviewed continuously by the Investment Committee (or a senior manager of AFP). Individual accounts are reviewed periodically by the Advisor for consistency with investment objectives and restrictions, and with the account's stated objectives and strategy.

SMA Program accounts are reviewed periodically by the Advisor for consistency with investment objectives and restrictions, and with the account's stated objectives and strategy. Third-Party Managers are responsible managing the Managed Accounts on a continuous and regular basis. The Advisor is responsible for monitoring the Managed Account on an ongoing basis for consistency with the account's stated objectives and strategy, and target allocations.

More frequent reviews can be triggered by significant market or economic factors, or if the Client notifies the Advisor of changes in the Client's financial situation, large withdrawals or significant deposits, or changes in the account investment objectives, liquidity needs, or risk tolerance. The Investment Committee (or a manager of AFP) will be responsible for overseeing all reviews.

Client Reports
Clients will receive account statements directly from their Custodian on at least a quarterly basis showing all transactions in their account during the reporting period. Clients should review the Custodian's statements carefully. AFP does not provide reports regarding Client accounts, and never provides account statements detailing account debits, credits, receipts, deliveries, and positions as part of its advisory services. Some Advisors may agree with their Clients to provide reports (but not statements) to the Client. If a Client receives a report from an Advisor which refers to the value of an asset also shown on a Custodian's statement, we urge the Client to compare the information with the statement they receive from the Custodian and contact us immediately if any discrepancies are found.

Item 14 Client Referrals and Other Compensation

Client Referrals & Compensation
Below is a summary of the arrangements where AFP receives an economic benefit from third-parties for providing investment advice or advisory services to a Client.

Compensation from Custodians

Pershing Fees: For Client accounts maintained at Pershing, Clients are charged as follows, of which Pershing and AFP have agreed AFP will receive a portion, according to their separate agreements. The amount AFP receives and the basis for such calculation varies by fee, and is subject to change without notice. AFP's share can vary widely, depending on the amount of the client transaction, and factors such as whether the fees are for retirement, IRA or individual accounts.

- **Trade Handling Charges** - currently, clients are charged up to $6 per transactions;
- **Ticket Charges** - currently, clients are charged up to $30 per transaction, plus a per share charge for stocks/ETFs (typically, few cents per share, with minimum of $0.50);
- **Annual IRA Fees** - currently, clients are charged up to $35 per year for standard IRAs (more for Simple, 401k, etc.); and
- **Transfer Fees** - currently, clients are charged $100 for transfers of IRAs and non-IRA

accounts.

Trade handling and ticket charges as well as IRA and transfer fees are AFP fees charged in an effort to offset administrative, operational and mailing costs associated with accounts held at Pershing. AFP believes these charges are in-line with other firms in the industry.

FundVest Account Compensation: AFP has entered into an arrangement with Pershing whereby Pershing pays AFP a monthly fee (up to 10 basis points annually, or $0.10 per every $100.00 annually) based on the value of Client assets invested in the Pershing FundVest funds, which includes 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" ("NTF") funds. Funds participating in FundVest pay Pershing fees to be on the FundVest list, and Pershing shares this compensation with AFP. Consequently, AFP has an incentive to recommend Client assets invest in the FundVest Funds based on increasing the compensation Pershing shares with AFP, rather than based on the Clients' investment needs or interests in purchasing mutual funds at the lowest costs. Clients should be aware that AFP does not share the FundVest Account Compensation with the Advisors, and thus this compensation does not influence the Advisors' decision to select the FundVest funds. Additionally, AFP's selection of the FundVest funds continues to be subject to the obligation to seek best execution in the purchase of securities for the Client's account.

Cash Management Fees and Expenses: The Bank Deposit Sweep Program is a core account investment vehicle used to hold cash balances awaiting reinvestment. The cash balance in a brokerage account at Pershing, Schwab or TD Ameritrade will be automatically deposited or "swept" into an interest-bearing Bank Deposit Sweep Program account.

An investment in an FDIC-Insured Deposit Program is protected by FDIC insurance and therefore not protected by Securities Investor Protection Corporation (SIPC). An investment in a money market mutual fund is not insured or guaranteed by the Federal Deposit Insured Corporation or any other government agency but is protected by Securities Investor Protection Corporation (SIPC). Although the funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investment in the money market fund.

Cash in a Client's account that is awaiting investment or reinvestment may be invested in cash balance, money market fund, or deposit account at the Custodian (or their affiliate), pursuant to an automatic cash "sweep" program. AFP receives compensation in connection with the Pershing Cash Management Sweep Program, which pays AFP a "distribution" fee based on the average money market fund balance, which can range from 10 to 50 basis points with respect to assets vested in money market funds (or from $0.10 to $0.50 for every $100 annually), depending on the total amount of eligible assets in the Pershing Cash Management Sweep fund.

Clients should refer to the Prospectus and Statements of Additional Information of the money market funds in which they invest for further information regarding such payments. Refer also to Item 5.C of this Brochure. The possibility of compensation provides an incentive for us to invest Client accounts in Pershing custodial accounts to increase the compensation we receive as Clients use the cash management features Pershing offers. This also provides an incentive for us to invest the account so as to increase our compensation, which may not necessarily represent the optimal investment of the Client's assets. Our recommendation of these investment products is based on the compensation we will receive rather than the Client's interest in the lowest cost, or better performing cash management products and services.

AFP does not receive distribution fees from the Schwab Cash Sweep Program or the TD Ameritrade Cash Sweep Program.

The interest you earn through the Bank Sweep Program may be less that you could earn through other core account investment vehicles at other brokerage firms. If you are going to maintain cash in the Bank Sweep Program, you should evaluate whether you can earn a greater amount of interest by maintaining your cash in a different type of account outside of the Bank Sweep Program. Clients pay Advisory Fees on cash in the Cash Sweep Program, in addition to receiving a lower than market interest rate.

Asset-Based Sales Charges and Service Fees (12b-1 Fees): For Clients with Managed Accounts maintained with Pershing, if AFP purchases shares of a mutual fund share class that carries 12b-1 Fees, AFP's automated surveillance system will detect the investment in a share class more expensive than a share class for which the account is able and willing to invest, and will rebates the 12b-1 Fee within a reasonable period to the Client (except in individually-negotiated circumstances, where expressly agreed by Client pursuant to the terms of the Advisory Agreement). For other Custodians, AFP has implemented electronic and manual procedures to monitor purchases of mutual fund shares to detect share purchases that do not meet AFP's obligation to seek best execution with respect to the purchase of mutual fund shares.

AFP does not receive asset-based sales charges or 12b-1 fees for accounts held at Schwab or TD Ameritrade although it is possible that either Schwab, TD Ameritrade or their affiliates may receive this additional compensation.

Share of Margin Interest & Interest on Short Sale Transactions: AFP receives a payment from Pershing of a portion of the margin interest charged on a Client's margin debit balance, and a share of the interest on short sale transactions. These forms of compensation create a conflict of interest to recommend or encourage Client accounts at Pershing, and further, to encourage recommendations to use margin and engage in short sale transactions, based on the compensation AFP will receive, rather than the suitability of the use of margin and short sale transactions for the Client.

Compensation & Marketing Support from Non-Traded Product Sponsors & Strategic Partners Program

- **Payments from Non-Traded Securities - Sponsorship & Marketing Fees**: With respect to Client investments in non-traded REITs, non-traded BDCs, non-traded closed end funds, and non-traded public companies, AFP receives non-advisory compensation from the sponsors of such securities, typically ranging from .08% to 1.00% of the Client's investment. Additionally, the sponsors pay or reimburse the costs of AFP's quarterly and annual meetings.

- **Strategic Alliance Program Sponsorship Fees:** Strategic Alliance Program is a joint educational and marketing program involving various financial service providers, some of which are investment advisers, while others are investment companies, insurance companies, and other financial services firms. The Program offers participants exposure to AFP Advisors and Representatives via educational sessions and other meetings. Expenses associated with sponsorship of these events are funded through a fixed Sponsorship Fee paid by partner firms. In any given year there are between 10 and 15 "Strategic Alliance" partners participating in the program with contributions ranging from $5,000 to $15,000 per firm.

Other Custodian Compensation:
In addition to the compensation identified above, the following forms of compensation are received by AFP:

- **Client "Out-Going Transfer Fees":** Pershing and TD Ameritrade reimburse new clients for the transfer fees they incur when transferring their account to the new custodian. Although AFP does not receive any payment directly, these payments help facilitate the client's transfers, and improve client goodwill, and represent an indirect economic benefit to AFP and its Advisors.

- **Credit for First-Year Orion Bill:** TD Ameritrade provides a benefit for use of TD Ameritrade as clearing firm equal to a credit of AFP's bill for use of the Orion advisor technology for the first year an individual customer account is opened with TD Ameritrade.

Benefits of Institutional Manager Platforms
In addition to the other economic benefits it receives from third parties, AFP's clearing firm, Pershing, and its other two principal custodians, Schwab and TD Ameritrade, each provide many services through their institutional adviser programs on which AFP relies in offering advisory services to its Clients.

- **Pershing, LLC:** AFP's clearing firm, Pershing provides many services through its institutional adviser program on which we depend in offering advisory services to our Clients in an efficient and cost-effective manner. AFP recommends Pershing to Clients for custody and brokerage services. There is no direct link between AFP's participation in Pershing's institutional 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 Pershing's retail investors. Refer to Item 12 for a complete description of all of the useful benefits and services that Pershing provides to AFP in connection with its institutional advisor program.

- **Institutional Custodial Platforms of Schwab and TD Ameritrade:** As discussed in Item 12, AFP participates in the institutional advisor programs offered by Schwab and TD Ameritrade. Along with Pershing, AFP recommends these firms to Clients for custody and brokerage services. There is no direct link between AFP's participation in such programs and the investment advice it gives to its Clients, although AFP receives economic benefits through its participation in these programs not typically available to retail investors or other institutional advisors.

Brokerage Commissions, Asset-Based Sales Charges and Service Fees, Insurance Commissions: As registered representatives of AFP and insurance agents, AFP's Representatives and Agents recommend that Clients purchase or sell investments or insurance products, reallocate existing investments, and take steps to implement a financial plan outside of their Managed Account(s). Please refer to the disclosures under Item 5 and Item 10 for additional information.

Other Forms of Compensation
Although not necessarily related to the services provided by AFP, certain vendors, product providers, distributors and others provide non-monetary compensation to AFP by providing training, education and publications that are designed to further AFP's employees' skills and knowledge. Some vendors occasionally provide AFP with gifts, meals and entertainment of reasonable value, consistent with industry rules and regulations. AFP will, in accordance with its compliance policies, accept lodging or travel expenses from third parties or third-party payment of its conference fee costs or fees to attain professional designations. Certain companies also pay AFP compensation for marketing, access to AFP Representatives, and for other purposes separate from and in addition to commission paid for the sale of their products as disclosed in the prospectus and/or disclosures of each company.

- **FeeX Platform:** AFP receives compensation from unaffiliated registered investment advisers for administrative services and access to the FeeX trading platform. The FeeX platform allows trading and management of held away accounts. The unaffiliated registered investment advisers have an incentive to utilize AFP's platform for access to FeeX. AFP is disclosing this additional revenue stream in an effort to meet our fiduciary obligations of full and fair disclosure.

Referral Arrangements with Third Parties
We refer Clients to third-party advisers, as described in Item 10 in connection with the SMA Program. In addition, from time to time, AFP will enter into agreements with unaffiliated individuals (Solicitors) that refer Clients to AFP. All such agreements will be in writing and comply with the applicable regulations.

Item 15 Custody

The Client's independent Custodian will directly debit account(s) for the payment of advisory fees. This ability to deduct Client's advisory fees from Client accounts causes AFP to exercise limited custody over Client funds or securities. AFP does not have physical custody of any of Client funds and/or securities. Client funds and securities will be held with a bank, broker-dealer, or other qualified Custodian. Clients will receive account statements directly from their Custodian on at least a quarterly basis showing all transactions in their account during the reporting period. The account statements from the Client's custodian(s) will indicate the amount of our advisory fees deducted from Client account(s) each billing period. Clients should review the Custodian's statements carefully.

AFP typically does not provide reports regarding a Client's account as part of our advisory services. Some representatives may provide reports to Clients. AFP never provides account statements detailing account debits, credits, receipts, deliveries, and positions. Clients will receive account statements directly from their Custodian. If a Client receives any report from AFP or a representative of AFP which refers to the value of an asset also shown on a Custodian's statement, we urge the Client to compare the information with the statement they receive from the Custodian and contact us immediately if any discrepancies are found.

Third-Party Authorizations
Clients may provide the qualified custodian of their account a written instruction authorizing AFP to direct transfers to a specified third party, either on a set schedule or from time to time, subject to certain regulatory requirements pursuant to the SEC's Custody Rule. As a result of this limited authority, AFP will be deemed to have custody of the Client's accounts, but is not required to engage an independent CPA to conduct a surprise verification of the Client's account assets as long as AFP meets the following criteria:

1. Clients provide a written, signed instruction to the qualified Custodian that includes the third party's name and address or account number at a custodian;
2. Clients authorize AFP in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Clients qualified custodian verifies the Client's authorization (e.g., signature review) and provides a transfer of funds notice to Clients promptly after each transfer;
4. Clients can terminate or change the instruction;
5. AFP has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. AFP maintains records showing that the third party is not a related party to AFP nor located at the same address as AFP; and
7. Clients qualified Custodian sends Clients, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

AFP hereby confirm that we meet the above criteria.

Private Investment Companies
Certain associated persons of AFP are principals of Mint Hill Capital Holding Company, L.L.C., which serves as the Manager to Mint Hill Capital 1, L.L.C. ("the Fund"), a private pooled investment vehicle in which our clients are solicited to invest. In their capacities as Manager to the Fund, certain associated persons will have access to the Fund's funds and securities, and therefore this causes AFP to have custody over such funds and securities due to their affiliation with our firm. The Fund is subject to a surprise audit by an independent public accounting firm to comply with rule 206(4)-2 "the custody rule" under the Investment Advisers Act of 1940.

Item 16 Investment Discretion

Generally, in the RDP Program and Proprietary Program we require Clients to grant us full authority and discretion, on the Client's behalf and at the Client's risk to buy, sell, exchange, redeem, and retain investments, and exercise such other powers as we deem appropriate to manage the account. We have full discretion to: open, close, and modify portfolios in any program; adjust or change the investment allocations of a portfolio, the asset classes that comprise a portfolio, the percentage that any asset class represents of a portfolio, or the mutual funds or other securities comprising any asset class; and remove, replace, or add to the managers or other third parties, if any, that manage or provide research, model portfolios, buy and sell signals, or other information or services used in creating, allocating, reallocating, or managing a Client's account. In some instances with we have discretionary authority over the broker or dealer to be used for a purchase or sale of securities, and for accounts held with Pershing, we have discretion over the commission rates to be paid to a broker or dealer for a client's securities transactions.

All grants of discretionary authority must be in writing. If a Client wishes to impose reasonable limitations on our discretionary authority (such as restrictions on the securities to be purchased for their account, if already owned), such limitations must be included in the Advisory Agreement or otherwise submitted to us in writing. The Client may change these limitations, as desired, by written instruction to us by mail to the address shown on the cover page of this Brochure. All grants of discretionary authority must be in writing.

The Third-Party Program agreements with the Sponsor and the Manager(s) also require the Client to grant the Sponsor and the Manager(s) discretion over the Client's account to fulfill their respective administrative and portfolio management responsibilities. The terms of the Client's grants of discretion are negotiated separately between the Client, the Sponsor and Manager(s).

Clients interested in a non-discretionary account should understand that because we must obtain Client consent prior to placing trades for the non-discretionary account, orders for the account will not be placed until after orders for discretionary trades have been placed. As a result, the accounts will typically not be included in block orders with discretionary accounts, and will miss the opportunity to share transaction charges, and receive an average price with the other accounts in the block. This will cause orders for the non-discretionary account to be filled later (and potentially, at less advantageous prices), or not to be filled on the same day as orders for discretionary accounts. Consequently, the transaction costs, the quality of execution, and overall performance of non-discretionary accounts may be less favorable, as compared to discretionary accounts.

Item 17 Voting Client Securities

The Client retains responsibility for voting proxies on all securities owned in their Advisory Account(s). We will not vote proxies, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. When completing the account application to open the Advisory Account(s), the Client will select whether to receive proxy materials directly or if they should be forwarded to AFP. AFP will discard proxy materials received for Clients' accounts and will not provide votes. In the absence of a written request, we will discard proxy and related materials.

Clients may obtain proxy materials by written request to the account's Custodian. For information about how to obtain proxy materials from a Custodian, Clients may contact us by email to ausdal@ausdal.com, or by mail to the address on the front of this Brochure. However, we do not provide advice about the issues raised by proxy solicitations or other requests for corporate actions.

Class Action Lawsuits
Similarly, we do not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held for a Client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation.

If desired, a Client may instruct us in writing to forward to the Client or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard such materials. Written instructions should be sent by email to ausdal@ausdal.com, or by mail to the address shown on the cover page of this Brochure.

The Sponsors or Managers of Third-Party Programs may have different policies with respect to the voting of proxies. These policies will be stated in the Wrap Fee Brochure of the Sponsor or Manager delivered to the Client.

Item 18 Financial Information

Disclosure of Certain Financial Conditions
SEC-registered investment advisers who have custody or discretion over Client funds or securities, or who require prepayment of fees exceeding $1,200 six months or more in advance must disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to Clients. AFP has never been the subject of a bankruptcy petition.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which provides, in part, for the Small Business Administration (SBA) to administer a new lending program, called the "Paycheck Protection Program" (PPP), to provide loans to businesses in connection with the COVID-19 pandemic. At that time, AFP viewed the uncertainties surrounding the pandemic and markets, and obtained a PPP loan of approximately $434,000. As of May 15, 2020, although we cannot predict future events, our board of directors now believes that, barring unforeseen adverse events, AFP is reasonable in believing it maintains sufficient capital and liquidity to conduct normal advisory services and meet its commitments to its Clients. This loan has now been fully forgiven.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

Item 20 Additional Information

Electronic Delivery
Upon written Client authorization, AFP may deliver any required regulatory notices and disclosures or correspondence via electronic mail or via AFP's Internet website. AFP shall have completed all delivery requirements upon the forwarding of such document, disclosure, notice or correspondence to the Client's last provided email address (or upon advising the Client via email that such document is available on 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.

Confidentiality of Client Information
Protecting the confidentiality of our customers' nonpublic information is paramount for AFP. As such, we have instituted policies and procedures to ensure that nonpublic customer information is kept confidential. We do not disclose nonpublic personal information about our Clients or former Clients to any non-affiliated third parties, except as provided pursuant to our privacy policies or as required by or permitted by law.

In the course of servicing a Client's account, AFP may share Client information with service providers, such as Sponsors, Managers, Custodians, transfer agents, accountants, and attorneys. AFP will share information about the Client, the Client's account, and account activity.

Trade Error Policies
When effecting trades to implement the investment decisions we make on your behalf, we may make an error while placing a trade. If we make an error, we will bear the costs of correcting the trade. Trade errors that result in a benefit to the client (for example, failed to sell a security in a timely manner, security price subsequently increases and then the position is sold, resulting in more gain for the client) are generally left in the client's account. For errors that cannot be moved out of a Client's account and create a loss, the Client will be credited the dollar amount needed to make the Client whole. Where multiple transactions are involved, gains and losses resulting from the trade correction process may be netted in determining the dollar amount to make the Client whole. However, AFP works with several different custodians that handle trade errors in different ways according to their own policies and procedures. Therefore, trade errors that result in a gain can be handled one or more of the following ways:

- Trade errors that result in a gain will be credited to the client's account;
- Trade errors that result in a gain are donated to charity;
- Trade errors resulting in a gains that are considered nominal (i.e. $100 or less) are written off by the custodian; and
- Trade errors that occur on the same day or during the same quarter may be netted, resulting in gains offsetting losses.

Offsetting of trade error gains presents a conflict of interest as AFP has an incentive to transact to produce trade errors that result in a gain to offset the trade errors that result in a loss. However, all net gains are ultimately donated to charity and not retained by AFP. "Soft dollars" may not be used to pay for correcting trade errors. The handling of trade errors is one of the qualitative factors that is reviewed by AFP as part of the best execution review.

IRA Rollover Considerations
As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.