



# CUSTOMER RELATIONSHIP SUMMARY

## Which type of account is right for you?

### Brokerage, investment advisory or both?

There are different ways you can approach your investments and get help with them. Carefully consider what types of approaches are right for you. The type of account, or accounts, which may be right for you will depend on your investment needs and objectives: a brokerage account, an investment advisory account or both.

This summary is designed to help you make the decisions on which accounts to utilize. You should also speak with your investment professional for further information. At the end of this summary there are also some questions you should discuss with your investment professional.

American Portfolios (AP) offers both brokerage and investment advisory services through its subsidiaries: American Portfolios Financial Services, Inc. (APFS), a broker/dealer; and American Portfolios Advisors, Inc. (APA), a registered investment advisor.

Most investment professionals associated with American Portfolios can offer both services to you. To ensure you are aware of the fundamental aspects of each, and to help you make a better decision, please take note of the following important considerations.

#### Broker/Dealer Services for Brokerage Accounts

APFS is a broker/dealer and a member of the Financial Industry Regulatory Authority (FINRA), as well as registered with the Securities and Exchange Commission (SEC).

#### APFS Services Include:

- Clients typically pay a commission, or transaction-based fee, for each transaction in the account.
- The amount of commission in a brokerage relationship will vary depending on the security or investment type selected by the client.
- Clients may select investments, or your financial professional may recommend an investment for your account. The ultimate decision for your investment decision and the purchase or sale of investments is yours.
- Additional services are available to assist you in developing and effecting your investment strategies and objectives, which may be subject to additional charges.
- Accounts statements will be delivered by the custodian of your account or accounts, either monthly (if there is account activity) or at least quarterly. You can choose between paper or electronic delivery. Should you choose paper delivery, a charge may be incurred.
- Other firms may offer a different choice of investments, with costs that vary from APFS.

#### Investment Advisory Services for Advisory Accounts

APA is an investment advisor, registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. APA has a duty to act as a fiduciary to its clients, as well as act in the best interests of their clients.

#### APA Services Include:

- When you establish a managed advisory account, you will pay an ongoing fee for services provided, based on a percent of assets under management or a flat fee (retainer) arrangement.
- Investment advice is offered on a regular basis. Your APA investment advisor representative (IAR) will assist in determining the best strategy to meet your investment goals and regularly monitor your account. Your IAR will offer a review of your portfolio at least annually.
- There are two basic types of advisory accounts: a discretionary account permits your IAR, or selected investment manager, to enter transactions in your account without first having to ask you; a non-discretionary account is where your IAR provides advice and you decide what action to take.
- Other firms could offer a wider range of choices and costs could vary.

## Our obligation to you, the client—we must abide by certain laws and regulations in our interactions with you.

### Broker/Dealer Services:

- APFS must act in your best interest. It must not place its interests ahead of yours, and must deal fairly with your investment objectives and needs. When making an investment recommendation in a brokerage relationship, the investment professional has an obligation to determine that the recommendation is suitable for the client based on the client's stated investment objectives, risk tolerance, tax status and other financial information provided by the client.
- Unlike an investment advisory account, the APFS investment professional has no duty to provide ongoing investment advice with respect to the brokerage account.
- APFS does not permit discretionary brokerage accounts. An APFS investment professional will only place an order for a transaction for a brokerage client upon affirmation from the client.
- When recommendations are provided, there could be a conflict of interest. You should discuss any potential conflicts with your investment professional.

### Investment Advisory Services:

- APA is held to a fiduciary standard that covers its full investment advisory relationship with you. For example, your IAR is required to monitor your managed account on an ongoing basis.
- When recommendations are provided in which conflicts of interest exist, you should discuss those conflicts with your IAR to ensure your full understanding.
- Alternatively, or in addition to, having an account managed by an advisor, you may engage with an APA IAR for financial planning and other services. You will typically pay either a flat or hourly fee for this service. This may be either a one-time payment or ongoing service.
- Certain accounts require a minimum balance, which will vary by account type or manager.
- Advanced payment may be requested for no more than \$1,200 and for no more than six months in advance.

## Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs that you will pay.

### Transaction-based Fees

- You will pay a fee whenever you buy or sell an investment. This is referred to as a commission. It is based on a specific transaction and the value of your account.
- Some transactions will also incur custodian charges at the time of the transaction (ticket charges), mutual fund surcharges and holding fees to hold the security. APFS shares some of these fees with the custodian.
- With stocks or exchange traded funds (ETFs), this fee is usually a separate commission. Regarding other investments, such as bonds for example, this fee might be part of the price you pay for the investment (called either a mark-up or mark-down).
- Mutual funds normally call this fee a "load." These fees will affect the value of your investment. Normally the sales load is paid upfront and charged directly against the investment based on the amount invested.

### Asset-based Fees

- These are paid on an ongoing basis—either monthly or quarterly, in advance or in arrears—based on the value of billable cash and investments in your portfolio. This asset-based fee will generally be deducted from your account with your consent.
- Account management fees are normally negotiated as a percentage of assets under management (AUM), as explained in the Investment Advisory Agreement between you and APA.
- The amount paid to the firm and your financial professional generally does not vary on the type of investments we select in your managed account.
- APA offers managed account programs in which the client pays for transaction charges, and other managed account programs in which the IAR pays for most transaction charges. These transaction charges are in addition to the AUM-based fee. For programs where the IAR pays most transaction charges, the AUM-based fee will likely be higher than a program in which the client pays for all the transaction charges. APA does not offer "wrap" programs.

- Mutual funds typically offer multiple share classes that have different fees and expenses, and compensate brokers in different ways. Applicable sales charges of the investment provided to you are described in the prospectus or other offering documents. As a broker/dealer, APFS may also receive other fees and compensation, such as “trail payments” called 12b-1 fees.
  - Variable annuities may have fees called “surrender charges” when selling the investment within a certain period of time.
  - You may be charged additional fees, such as custodian fees, account maintenance fees or account inactivity fees.
  - Fees can vary and are negotiable. For example, how much you buy or sell and what kind of account you have will affect fees.
  - The more frequent transactions occur in your account, or accounts, the more fees or commissions will be generated which presents a potential incentive to encourage more transactions.
- There are other custodian charges, including but not limited to, an inactivity fee, special product fee and IRA maintenance fee. APA shares in some of these fees. A complete list of fees can be found on the American Portfolios Web site.
  - Managed accounts are subject to other custodian charges, including but not limited to, an inactivity fee, paper statement fee, special product fee and IRA maintenance fee. APA shares in some of these fees. A complete list of these fees can be found on the American Portfolios Web site.
  - Certain investments, such as mutual funds and variable annuities, charge additional fees that will affect the value of the investment.

## CONFLICTS OF INTEREST

### Revenue received from services provided to you.

- We are compensated in various ways by the managers or sponsors of certain recommended investments, such as mutual funds, annuities and alternative investments. Further details can be found on the American Portfolios Web site.
- Nine Points Investment Management (NPIM) is an affiliate of APA. APA will receive a fee, along with any applicable program fee, when NPIM is chosen as the portfolio manager.
- APA is compensated in various ways by the managers or sponsors of certain recommended investment platforms and investments, such as mutual funds, annuities and alternative investments. Further details can be found on the American Portfolios Web site. APA does not receive any such compensation based on ERISA holdings.
- APA shares in some custodians’ charges and not others.

## ADDITIONAL INFORMATION

### You are encouraged to seek out additional information.

- To ascertain any legal or disciplinary events, visit [investor.gov](http://investor.gov) for a free search tool to research the firm and/or associated financial professionals.
- Additionally, similar information can be found on [BrokerCheck.FINRA.org](http://BrokerCheck.FINRA.org) and [americanportfolios.com](http://americanportfolios.com). Information on advisory services can be found on APA’s Form ADV Brochure on IAPD, [investor.gov](http://investor.gov), [americanportfolios.com](http://americanportfolios.com) and any brochure provided to you by your investment professional.
- Should you have any concerns regarding your investments or your account, you may contact the SEC at 800.732.0330 or FINRA at 888.700.0028. You may also send a letter to the firm at:  
 American Portfolios Financial Services, Inc.  
 ATTN: Compliance Department  
 4250 Veterans Memorial Hwy, Suite 420E  
 Holbrook, NY 11740

## KEY QUESTIONS TO CONSIDER ASKING YOUR FINANCIAL PROFESSIONAL

- Given my financial situation, which should I choose: an advisory account or a brokerage account?
- What would be the anticipated costs to me per year by choosing an advisory account? What would be the estimated annual fees or commissions by choosing a typical brokerage account?
- Would there be any additional costs attached to either account types?
- How does your firm receive revenue from investments outside of commissions or fees paid by me? Are these conflicts of interest?
- How are investments chosen for my account and are they in my best interest?
- What is the frequency of account review and recommendations?
- Apprise me of your relevant background and other qualifications.
- Who is the primary contact person for my account?



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