

Form ADV Part 3: Relationship Summary

AE Wealth Management, LLC

Introduction

AE Wealth Management is an investment adviser registered with the U.S. Securities and Exchange Commission. We offer our clients investment advisory services. Clients should understand that the services we provide and fees we charge are different than those of a broker-dealer, and that it is important to understand the difference between the two. Free and simple tools are available to research firms and financial professional at <https://www.investor.gov/CRS>, which also provides educational materials about investment advisers, broker-dealers and investing.

What Investment Services and Advice Can You Provide Me?

Description of Services: We offer the following investment advisory services to retail investors. (1) Asset Management Services provided as either direct asset management services, where one or more of our investment adviser representatives are solely responsible for all investment decisions and the management of your account(s), or where our investment adviser representatives use our internal investment committee and/or third-party, non-affiliated model managers (who we evaluate, select, and monitor) to manage and trade your account(s). We will discuss your investment goals and design a strategy to try and achieve your investment goals. We will continuously monitor your account when providing asset management services and contact you at least annually to discuss your portfolio. We manage accounts through both wrap fee programs and non-wrap fee programs. Asset management services are provided on a **discretionary** basis, meaning we or the model manager(s) will have the authority to determine the type and amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. For more information about investment authority, please see **Item 16** of our **Form ADV Part 2A**. (2) Financial Planning & Consulting Services: We also provide financial planning and consulting services. Financial planning services involve us creating a written financial plan for you which covers mutually agreed upon topics. Financial consulting is used when a written financial plan isn't needed. It involves one time and/or ongoing meetings to discuss your financial situation. Please see **Item 4** of our **Form ADV Part 2A** for more information about Asset Management and Financial Planning services.

Limited Investment Offerings: We do not primarily recommend one type of security to clients. Instead, we recommend investment portfolios designed to be suitable for each client relative to that client's specific circumstances and needs. However, we are limited in investment selection in that we can only invest your account in securities which are available on your custodian platform. When providing you services, we do not recommend or offer advice on any proprietary products.

Account & Fee Minimums: We require a minimum of \$10,000 in order to open an account managed by us.

Conversation Starters: *Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

What Fees Will I Pay?

Description of Principal Fees & Costs: (1) Fees charged for our Asset Management Services are charged based on a percentage of assets under management, billed in arrears on a monthly basis, and calculated based on the average daily balance of your account during the billing period. The maximum annual fee for our asset management services does not exceed 2.50%. Because our fee is based upon the value of your account we have an incentive to recommend that you increase the level of assets in your account. We utilize wrap fee and non-wrap fee programs. Under a wrap fee program the fee you pay us covers both our advisory services and the transaction fees imposed by the broker-dealer. Under a non-wrap fee program you will be charged transaction costs separately. Since a wrap fee covers transaction expenses it tends to be higher than non-wrap fee programs. You will also be charged internal fees and expenses by the funds we invest in within your account. (2) Depending on the respective investment adviser representative providing the service, Financial Planning and Consulting services can be provided under an hourly fee arrangement ranging between \$0 and \$500 per hour or a fixed fee ranging between \$0 and \$10,000. All fees are due immediately upon completion and delivery of the financial plan or consultative meetings/project. Any fees we charge for financial planning and consulting services will not cover the costs associated with implementing any recommendations we may make.

Additional Information: You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For more information about the fees we charge and the other fees and expenses you will incur, please see **Item 5** of **Form ADV Part 2A** and **Item 4** of our **Form ADV Part 2A: Appendix 1**.

Conversation Starters: *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

***What Are Your Legal Obligations to Me When Acting as My Investment Adviser?
How Else Does Your Firm Make Money and What Conflicts of Interest Do You Have?***

Standard of Conduct: When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are two examples to help you understand what this means. (1) We ask that you establish an account with TD Ameritrade or Fidelity to maintain custody of your assets and to effect trades for your account. Our recommendation to use TD Ameritrade and Fidelity is not based solely on your interest of receiving the best execution possible. We also recommend them because they provide us with research, products and tools that help us manage and further develop our operations. Not having to pay for such benefits saves us money but also creates a conflict of interest. (2) We receive expense reimbursement for travel and marketing expenses from distributors of investment and/or insurance products which is a conflict of interest because it creates an incentive to recommend products and investments based on the receipt of this compensation instead of what is in the best interest of our clients thus creating a conflict of interest.

Conversation Starters: *How might your conflicts of interest affect me, and how will you address them?*

Additional Information: For more information about our conflicts of interests and the ways we are compensated, please see **Item 5**, **Item 10**, **Item 12**, and **Item 14** of our **Form ADV Part 2A**.

How Do Your Financial Professionals Make Money?

Description of Compensation/Payment of IARs: We compensate our investment adviser representatives based on the level of assets that the representative brings in to us. This creates a conflict of interest as it gives your representative an incentive to recommend you invest more in your account with us due to the potential for increased compensation. Our representatives also serve as licensed insurance agents and receive commissions, incentives, bonus, and other economic incentives for selling insurance products. The receipt of such compensation creates a conflict of interest. Some of our representatives also serve as registered representatives of affiliate securities broker-dealers, Madison Avenue Securities, LLC, or AE Financial Services, LLC, or a separate non-affiliated broker-dealer. When acting in this separate capacity, the representative will receive commissions for selling securities which creates a conflict of interest.

Do You or Your Financial Professionals Have Legal or Disciplinary History?

Yes. You can look up more information about us and our investment adviser representatives at <https://www.investor.gov/CRS>.

Conversation Starters: *As a financial professional, do you have any disciplinary history? For what type of conduct?*

Additional Information About AE Wealth Management

Additional information about us and copies of our Form ADV Part 2 disclosure brochures and this relationship summary are available on the Internet at <https://wealth.advisorsexcel.com/>. You can also find our disclosure brochures and other information about us at <https://adviserinfo.sec.gov/firm/summary/282580>. If you have any questions or want an up-to-date copy of this relationship summary, we can be reached by phone at (866) 363-9595.

Conversation Starters: *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*



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**Form ADV Part 2A
Firm Brochure**

Date of Brochure: March 30, 2020

This brochure provides information about the qualifications and business practices of AE Wealth Management, LLC (also referred to as we, us and AE Wealth Management throughout this brochure) for a prospective and/or existing client who will be or is currently working with an individual who is registered as an investment adviser representative of AE Wealth Management. If you have any questions about the contents of this brochure, please contact AE Wealth Management Compliance by telephone at (866) 363-9595 or by email at compliance@ae-wm.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 AE Wealth Management is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for AE Wealth Management, LLC or our firm's CRD number 282580.

***Registration as an investment adviser does not imply a certain level of skill or training.**

Item 2 – Material Changes

This section discusses material changes that have been made to this Brochure since the last annual update. The last annual update was on March 30, 2019, and since that time, the following material changes have been made:

Item 4 – Advisory Business

Client Assets Managed by AE Wealth Management has been revised to reflect our current regulatory assets undermanagement, our current assets under administration, and our current total platform assets.

Item 5 – Fees and Compensation

Direct Asset Management Services has been revised to reflect the lowering of the maximum allowable annual fee from 2.9% to 2.5%.

Model Portfolio Solutions has been revised to reflect the lowering of the maximum allowable annual fee from 2.9% to 2.5%.

Item 10 – Other Financial Industry Activities and Affiliations

Registration of Management Persons with a Broker-Dealer has been revised to reflect the current registration status of an affiliate broker dealer firm.

Independent Investment Advisers has been revised to include information regarding the practice of providing forgivable loans and similar economic incentives.

Item 12 – Brokerage Practices

Brokerage Recommendations has been revised to clarify certain benefits received by AE Wealth Management from TD Ameritrade and Fidelity.

Item 14 – Client Referrals and Other Compensation

This section has been revised to disclose additional detail related to material conflicts.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
General Description of Our Firm	4
Description of Advisory Services.....	4
Tailor Advisory Services to Individual Needs of Clients	6
Participation in Wrap Fee Programs	7
Client Assets Managed by AE Wealth Management	7
Item 5 – Fees and Compensation	7
Direct Asset Management Services	7
Financial Planning & Consulting Services.....	8
Model Portfolio Solutions	10
Newsletters	11
Seminars and Workshops	11
Compensation for Sale of Securities	12
Item 6 – Performance-Based Fees and Side-By-Side Management	12
Item 7 – Types of Clients	12
Minimum Investment Amounts Required	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	12
Methods of Analysis	12
Investment Strategies	14
Model Portfolio Selection	15
Types of Securities Offered.....	15
Risk of Loss.....	15
Item 9 – Disciplinary Information	16
Item 10 – Other Financial Industry Activities and Affiliations	16
Registration of Management Persons with a Broker-Dealer	16
Insurance Marketing Organization & Insurance Agents.....	16
Independent Investment Advisers.....	18
Registered Representative of a Broker-Dealer	18
Related Broker-Dealer/Investment Adviser.....	19
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading	19
Code of Ethics Summary	19
Affiliate and Employee Personal Securities Transactions Disclosure	20
Item 12 – Brokerage Practices	20
Brokerage Recommendations.....	20
Directed Brokerage	23
Soft Dollar Benefits	23
Training Assistance Received from Service Providers	23
Block Trading Policy.....	23
Item 13 – Review of Accounts	24
Account Reviews and Reviewers.....	24
Statements and Reports	24
Item 14 – Client Referrals and Other Compensation	24
Item 15 – Custody	25
Item 16 – Investment Discretion	26
Item 17 – Voting Client Securities	26
Item 18 – Financial Information	26

Item 4 – Advisory Business

General Description of Our Firm

AE Wealth Management is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Kansas. AE Wealth Management filed its initial application to become registered as an investment adviser on February 17, 2016.

The principal owners of AE Wealth Management are DDC Holdings, LLC, the Karlun M. Callanan 2016 Irrevocable Trust A, and the Jennifer A. Foster 2016 Irrevocable Trust A. David Callanan and Cody Foster are the primary owners of DDC Holdings LLC. David Callanan is the trustee of the Karlun M. Callanan 2016 Irrevocable Trust A and Cody Foster is the trustee of the Jennifer A. Foster 2016 Irrevocable Trust A.

Description of Advisory Services

The investment advisory services of AE Wealth Management described in this disclosure brochure are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of AE Wealth Management or by an investment adviser representative of an Independent Registered Investment Adviser that has entered into an agreement with AE Wealth Management to provide investment management services for clients (referred to as your investment adviser representative throughout this brochure). Your investment adviser representative typically is not an employee of AE Wealth Management; rather, your investment adviser representative typically is an independent contractor of AE Wealth Management. Your investment adviser representative is typically limited to providing the services and charging investment advisory fees in accordance with the descriptions detailed in this brochure. Your investment adviser representative is generally allowed to set AE Wealth Management’s fee within a range prescribed by AE Wealth Management. As a result, the rates actually charged by two different investment adviser representatives of AE Wealth Management or an associated Independent Registered Investment Adviser may vary for similar services.

AE Wealth Management offers multiple types of advisory services designed to meet the unique needs of our clients. Below are descriptions of the primary advisory services we offer. A written agreement detailing the exact services we will provide to you and the fees you will be charged will be executed prior to the commencement of any services.

Direct Asset Management Services – AE Wealth Management offers direct asset management services on a discretionary basis. We will have the ability to buy or sell securities on your behalf without your prior permission for each specific transaction. Nevertheless, you will have the ability to impose restrictions on the management of your account, including the ability to instruct us not to purchase certain securities.

We will manage your account based on your financial situation, investment objectives, and risk tolerance. Accordingly, we will need to obtain certain information from you to determine your financial situation, investment objectives, and risk tolerance. As part of this process, an investment adviser representative will assist you in completing a risk questionnaire and review the information you provide. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, or risk tolerance and whether you wish to impose or modify any existing investment restrictions.

The financial situation, investment objectives, and risk tolerance for each client of AE Wealth Management is unique. As a result, we may give advice to another client or take actions for them or for our personal

accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Financial Planning & Consulting Services - AE Wealth Management offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address one or more the following topics: investment planning, retirement planning, insurance planning, tax planning, education planning, portfolio review, and asset allocation. However, our tax planning services are not a substitute for working with a certified public accountant. When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. Your investment adviser representative will rely on information provided by you. Therefore, issues and information not provided will not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a written financial plan.

We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. We also offer "as-needed" consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an "as-needed" consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through AE Wealth Management or retain AE Wealth Management to actively monitor and manage your investments, you must execute a separate written agreement with AE Wealth Management for our asset management services.

Model Portfolio Solutions - AE Wealth Management offers model portfolio selection services, which allows AE Wealth Management to exercise discretion to select model portfolios managed by the AEWM investment committee and/or third-party non-affiliated investment managers. An investment adviser representative will assist you in completing a client profile questionnaire and review the information you provide. We will then select the model portfolio(s) that aligns with your disclosed risk tolerance and investment objectives.

AEWM utilizes a third-party platform provider to effectuate model portfolios. The platform provider will be given discretionary authority to implement the selected model portfolio(s) and to trade your account based on information and/or signals provided by the manager(s) of the model portfolio(s). The platform provider will implement the model(s) for your account by acquiring the securities that are represented in the selected

model portfolio(s). We will be available to answer questions that you may have regarding your account. We will have the ability to select the model portfolio(s) as well as the ability to reallocate funds from or to the model portfolio(s) and funds in other accounts over which you have granted us discretionary authority.

You should be aware that there may be other model portfolios not recommended by our firm, that are suitable for you and that may be less costly than arrangements recommended by our firm. No guarantees can be made that your financial goals or objectives will be achieved through the Model Portfolio Solutions program or by a recommended/selected model portfolio. Further, no guarantees of performance can ever be offered by our firm (*Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more details.*)

Newsletters

AE Wealth Management occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis and do not focus on the needs of a specific individual. Newsletters are provided to clients and prospective clients free of charge.

Seminars

AE Wealth Management may occasionally provide seminars in areas such as financial planning, retirement planning, estate planning, college planning, and charitable planning. Seminars are always offered on an impersonal basis and do not focus on the individual needs of participants. Generally, no fees are charged for seminars. In the event a fee is charged, the fee will not exceed the cost of seminar materials and all fees and payment provisions will be fully disclosed to you prior to the seminar being presented.

Workshops

AE Wealth Management offers educational, informative, and motivational workshops to the public as well as to associations, family foundations, and employers. Workshops are always offered on an impersonal basis and do not focus on the individual needs of the participants. Generally, no fees are charged for workshops. In the event a fee is charged, the fee will not exceed the cost of seminar materials and all fees and payment provisions will be fully disclosed to you prior to the workshop being presented.

Tailor Advisory Services to Individual Needs of Clients

AE Wealth Management's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors.

Our financial planning and consulting services are always provided based on your individual needs. When providing financial planning and consulting services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Participation in Wrap Fee Programs

Our direct asset management services, as well as services provided through the Model Portfolio Solutions program are offered both on a non-wrap fee basis and through a wrap fee program. If you receive services on a non-wrap fee basis, you may pay separate commissions, ticket charges, and custodian fees for the execution of transactions in your account. These charges (if applicable) will be in addition to the investment management fee that you will pay us.

If you receive services through a wrap fee program, you will only pay fees based on assets under management and you will not pay a separate commission, ticket charge, or custodian fee, for the execution of transactions in your account. AEWM and certain service providers, including (if applicable) the platform provider, the custodian, and model portfolio manager, will receive a portion of the fee as compensation for services.

Financial Planning and Consulting Services are offered outside of a wrap fee program. Therefore, you may pay separate commissions, ticket charges, and custodian fees (if applicable) for the execution of recommended transactions.

Client Assets Managed by AE Wealth Management

As of December 31, 2019, we have regulatory assets under management in the amount of \$8,583,746,349, which we manage on a discretionary basis. We currently do not manage any client assets on a non-discretionary basis. Additionally, we have \$1,813,511,700 in assets under administration. While we provide administrative services regarding these assets under administration, we are not currently providing continuous investment management services to these assets. Accordingly, we have total platform assets of \$10,397,258,049.

Item 5 – Fees and Compensation

This section provides detail regarding the fees and compensation we receive for the services that we offer. It should be noted that lower fees for comparable services may be available from other sources. AE Wealth Management allows your investment adviser representative to set fees within ranges provided by AE Wealth Management. As a result, your investment adviser representative may charge more or less for the same service than another investment adviser representative of AE Wealth Management. The exact fees and other terms will be outlined in the agreement between you and AE Wealth Management.

Direct Asset Management Services

Fees charged for our direct asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a monthly calendar basis and calculated based on the average daily balance of the account(s) for the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. Under the average daily balance method, each day's balance for the month is summed then divided by the number of days in the month, to compute the average daily balance. The average daily balance is then multiplied by the monthly portion of the annual fee to determine the monthly fee due.

Fees charged for our direct asset management services are negotiable by each of our investment adviser representatives based upon the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the

relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

Based upon the above negotiability factors, each investment adviser representative is allowed to set AE Wealth Management's investment advisory fee up to a maximum amount of 2.5% annually. The fee charged to each client includes a portion attributable to AE Wealth Management and a portion attributable to our platform provider. A typical distribution for an annual fee of 1.75% would include an allocation of 1.60% to AE Wealth Management (including the asset based custodial fee if a wrap fee program is chosen) and an allocation of .15% to our platform provider. The proceeding is for illustrative purposes only. The actual annual fee charged by AE Wealth Management will be specified in the client's agreement with AE Wealth Management.

AE Wealth Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

Investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to AE Wealth Management. You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

This asset management service of AE Wealth Management is offered both on a non-wrap fee basis and through a wrap fee program. If you choose the non-wrap fee basis, the qualified custodian will charge a separate commission, ticket charge, or fee for executing a securities transaction in addition to AE Wealth Management's investment advisory fee. AE Wealth Management does not receive any portion of such commissions, ticket charges, or custodial fees from the qualified custodian. If you choose the wrap fee program, you will only pay fees based on assets under management and you will not pay a separate commission, ticket charge, or custodial fee for the execution of transactions in your account.

In addition to the fees described above, you may incur certain charges imposed by third parties other than AE Wealth Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, periodic mutual fund fees (e.g. 12b-1 trails) and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by AE Wealth Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Financial Planning & Consulting Services

AE Wealth Management provides financial planning and consulting services under hourly fee and fixed fee arrangements. The hourly fee typically ranges from \$0 (or waived fee) up to a maximum of \$500 per hour. Based on the type of client, the services requested, the investment adviser representative providing advice, the complexity of the client's situation, the composition of the client's account, other advisory services provided, and the relationship of the client and the investment adviser representative, each investment adviser representative is allowed to set the hourly rate within this range. The hourly rate for your

engagement will be specified in your financial planning and consulting agreement with AE Wealth Management.

Before commencing financial planning and consulting services, your investment adviser representative will provide an estimate of the approximate hours needed to complete the requested services. If your investment adviser representative anticipates exceeding the estimated number of hours required, your investment adviser representative will contact you to receive authorization to provide additional services. At the sole discretion of your investment adviser representative, you will pay in advance a mutually agreed upon retainer to AE Wealth Management that will be available for AE Wealth Management to bill hourly fees against for financial planning and consulting services; however, under no circumstances will AE Wealth Management require you to pay fees of more than \$1,200 more than six months in advance.

AE Wealth Management also provides financial planning and consulting services under a fixed fee arrangement. The fixed fee typically ranges from \$0 (or waived fee) up to a maximum of \$10,000. Based on the type of client, the services, requested, the investment adviser representative providing advice, the complexity of the client's situation, the composition of the client's account, other advisory services provided, and the relationship of the client and the investment adviser representative, each investment adviser representative is allowed to set the fixed fee within this range. The amount of the fixed fee for your engagement will be specified in your financial planning and consulting agreement with AE Wealth Management. At the sole discretion of the investment adviser representative working with you, you may be required to pay all or a portion of the fixed fee at the time you execute an agreement with AE Wealth Management; however, at no time will AE Wealth Management require payment of more than \$1,200 in fees more than six months in advance. Upon completion and delivery of the financial plan, the fixed fee is considered earned by AE Wealth Management and any unpaid amount is immediately due.

If you terminate the financial planning and consulting services after entering into an agreement with us and your investment adviser representative did not waive your fees, you will be responsible for immediate payment of any financial planning and consulting services performed by AE Wealth Management prior to the receipt by AE Wealth Management of your notice of termination. For financial planning and consulting services performed by AE Wealth Management under an hourly arrangement, you will pay AE Wealth Management for any hourly fees incurred at the rates described in the client agreement. For financial planning and consulting services performed by AE Wealth Management under a fixed fee arrangement, you will either pay AE Wealth Management (i) a pro-rated fixed fee equivalent to the percentage of work completed by AE Wealth Management as determined by AE Wealth Management or (ii) an early termination fee for the hours worked by AE Wealth Management multiplied by the hourly rate specified in the client agreement. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by AE Wealth Management to you.

If your investment adviser representative engages an outside professional (i.e. attorney, independent investment adviser, or accountant) while providing financial planning and consulting services to you, your investment adviser representative will be responsible for the payment of the fees for the services of such outside professional, and you will not be required to reimburse AE Wealth Management for such payments. To the extent that you personally engage an outside professional, you will be responsible for the payment of the fees for the services of such outside professional, and the fees of the outside professional will be in addition to and separate from the fees charged by AE Wealth Management. In no event will the services of an outside professional, be engaged, without your express approval.

All fees paid to AE Wealth Management for services are separate and distinct from the commissions, fees, and expenses charged by insurance companies associated with any disability insurance, life insurance,

and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to AE Wealth Management and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

All fees paid to AE Wealth Management for advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

If you retain AE Wealth Management to implement the recommendations provided under this service, AE Wealth Management may recommend load or no-load mutual funds that charge you periodic mutual fund fees (e.g. 12(b)-1 trails).

All fees paid to AE Wealth Management for financial planning and consulting services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

It should be noted that lower fees for comparable services may be available from other sources.

Model Portfolio Solutions

Under the Model Portfolio Solutions program, all services provided by your investment adviser representative, AEWM, the platform provider, Model Managers, and the Custodian (if you choose the wrap fee program) will be assessed under a single fee that is based on assets under management. Fees are billed in arrears (at the end of the billing period) on a monthly calendar basis and calculated based on the average daily balance of the account for the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. Under the average daily balance method, each day's balance for the month is summed then divided by the number of days in the month, to compute the average daily balance. The average daily balance is then multiplied by the monthly portion of the annual fee to determine the monthly fee due.

Fees for services provided through the Model Portfolio Solutions program are negotiable by each of our investment adviser representatives based upon the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, the total amount of assets under management for the client, the Model Managers chosen, and any supplemental third-party services selected by the client.

Based upon the above negotiability factors, each investment adviser representative is allowed to set the fee for services provided through the Model Portfolio Solutions program up to a maximum amount of 2.5% annually. The fee charged to each client includes a portion attributable to AE Wealth Management, a portion attributable to the manager of the selected model portfolio (if applicable), and a portion attributable to our platform provider. A typical distribution for an annual fee of 1.75% would include an allocation of 1.35% to AE Wealth Management (including the asset based custodial fee if a wrap fee program is chosen), and allocations of .01% to .50% to the money managers, custodian, platform provider, etc. of the selected model portfolio. The proceeding is for illustrative purposes only. The annual fee charged by AE Wealth Management will be specified in the client's agreement with AE Wealth Management. Additionally, the

platform provider may impose a minimum fee of \$100.00 per account. If such a minimum account fee is imposed on your account, we may pass the fee on to you.

AE Wealth Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

Fees for services provided through the Model Portfolio Solutions program will be deducted from your account by the qualified custodian(s), split between the platform provider and AE Wealth Management, and the respective share of such fees will be paid directly to each firm by the qualified custodian(s) of your account. You must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to the platform provider and AE Wealth Management. You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Services through the Model Portfolio Solutions program are offered both on a non-wrap fee basis and through a wrap fee program. If you choose the non-wrap fee basis, the qualified custodian will charge a separate commission, ticket charge or fee for executing a securities transaction in addition to AE Wealth Management's investment advisory fee. AE Wealth Management does not receive any portion of such commissions, ticket charges or custodial fees from the qualified custodian. If you choose the wrap fee program, you will only pay fees based on assets under management and you will not pay a separate commission, ticket charge or custodial fee for the execution of transactions in your account.

In addition to the fees described above, you may incur certain charges imposed by third parties other than AE Wealth Management in connection with investments made through your account including, but not limited to, ETF sales loads and management fees, sales charges and management fees for alternative investments, mutual fund sales loads, periodic mutual fund fees (e.g. 12b-1 trails) and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by AE Wealth Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Newsletters

AE Wealth Management occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis and do not focus on the needs of a specific individual. Newsletters are provided to clients and prospective clients free of charge.

Seminars and Workshops

AE Wealth Management may occasionally provide seminars and workshops in areas such as financial planning, retirement planning, estate planning, college planning, and charitable planning. Seminars and workshops are always offered on an impersonal basis and do not focus on the individual needs of participants. Generally, no fees are charged for seminars or workshops. In the event a fee is charged, the fee will not exceed the cost of seminar materials and all fees and payment provisions will be fully disclosed to you prior to the seminar being presented.

Compensation for Sale of Securities

Our investment adviser representatives can sell securities in their separate capacities as registered representatives of a broker-dealer. In addition, they may sell insurance products in their capacities as independent insurance agents for sales commissions. Please refer to *Item 10 – Other Financial Industry Activities and Affiliations* to read more about our investment adviser representatives' ability to offer strictly commission-based services through broker-dealers and their insurance activities.

When managing accounts through programs outlined in this disclosure brochure, some of the advice offered by our investment adviser representatives may involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12(b)-1 fees. However, our investment adviser representatives generally do not receive any portion of the 12b-1 fees paid and other compensation such as commissions, loads, trails, etc. when holding mutual funds in our Direct Asset Management Services program or Model Portfolio Solutions program.

You are never obligated to the broker-dealer(s) affiliated with our investment adviser representatives and you are never obligated to purchase investment products through our investment advisor representatives. You have the option to purchase investment products through other brokers or agents that are not affiliated with AE Wealth Management.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. AE Wealth Management does not charge or accept performance-based fees.

Item 7 – Types of Clients

AE Wealth Management generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Trusts, estates, or charitable organizations
- Retirement and profit sharing plans
- Corporations and other business entities

You are required to execute a written agreement with AE Wealth Management specifying the particular advisory services in order to establish a client arrangement with AE Wealth Management.

Minimum Investment Amounts Required

AE Wealth Management requires a minimum per account balance of \$10,000. Exceptions may be granted to this minimum if approved by both your investment adviser representative and AE Wealth Management for a client's immediate family members or in anticipation of additional deposits in the near future.

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

Methods of Analysis

AE Wealth Management uses the following methods of analysis in formulating investment advice:

Charting - Charting is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical – The Cyclical Method analyzes investments which are sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental – The Fundamental Method evaluates a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

Technical – The Technical Method evaluates securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

To conduct analysis, AE Wealth Management gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases. There are risks involved with any method of analysis that may be used.

Investment Strategies

AE Wealth Management may employ the following investment strategies when managing client assets and/or providing investment advice:

Value investing. A value investing strategy selects stocks that trade for less than their intrinsic values. Value investors typically seek stocks of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. Often, value investors select stocks with lower-than-average price-to-book or price-to-earnings ratios and/or high dividend yields. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative to major benchmarks, macro-economic risks, investing in value traps i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation.

Tactical asset allocation. A tactical asset allocation strategy allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. A strategic asset allocation strategy calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than

an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Model Portfolio Selection

AE Wealth Management reviews each model portfolio before selecting them to be included in our program. We conduct initial and ongoing reviews to ensure that the model portfolio is suitable for our programs. We call these processes "due diligence." In order to assist us in conducting our due diligence and selection of model portfolios, we have contracted with an outside firm to act as our outsourced Chief Investment Officer. Our Chief Investment Officer also conducts oversight of the outsourced due diligence review.

We use a multi-step process in researching model portfolios. Each model portfolio and its manager(s) is evaluated on the basis of information provided by the manager including descriptions of its investment process, asset allocation strategies employed, sample portfolios to review securities selections, and the manager's Form ADV Disclosure Brochure (if applicable). We attempt to verify the information provided by comparing it to other data from publicly available data collection sources.

Types of Securities Offered

We do not primarily recommend one type of security to clients.

Risk of Loss

Investing in securities (including stocks, mutual funds, and bonds, etc.) always involves risk of loss. Depending on the different types of investments utilized, there may be varying degrees of risk. Accordingly, you should be prepared to bear investment loss including the loss of your original principal. Further, past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk**. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on

strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- **Fixed Income Risk.** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Item 9 – Disciplinary Information

We have no legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Registration of Management Persons with a Broker-Dealer

David Callanan, our Chief Executive Officer, is a registered representative of Madison Avenue Securities, a broker-dealer affiliated with AE Wealth Management. Additionally, AE Financial Services, LLC, an entity under common control with AE Wealth Management, has received approval as a broker-dealer. David Callanan, Christopher Radford, our President, and David Wolfe, our General Counsel, are registered representatives of AE Financial Services.

Insurance Marketing Organization & Insurance Agents

AE Wealth Management is an affiliate of Advisors Excel and Asset Marketing Systems Insurance Services, LLC, which are under common control and ownership. Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC are insurance agencies that market/wholesale life insurance and fixed annuities to third-party insurance agents in exchange for a marketing and/or override fee from the issuer of such insurance/annuity products. The investment adviser representatives of AE Wealth Management in a separate capacity as insurance agents will utilize the marketing and wholesaling services of Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC.

As a client of AE Wealth Management, your investment adviser representative will also serve as an insurance agent. This means your investment adviser representative, acting as an insurance agent, will

recommend you place your assets in insurance products and annuities when he or she believes it is in your best interest to do so. These insurance products and annuities pay commissions to your investment adviser representative in his or her separate capacity as an insurance agent. This presents a conflict of interest to your investment adviser representative as he or she will be more inclined to recommend you place your assets in either insurance products or an advisory account depending on which would pay them more.

When acting in his or her separate capacity as an insurance agent, the investment adviser representative will sell, for commissions, life insurance, annuities, and other insurance products to you which may be marketed/wholesaled by Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC. As such, your investment adviser representative in his or her separate capacity as an insurance agent, can suggest that you implement recommendations which include purchasing life insurance, annuities, or other insurance products which are marketed and wholesaled by Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC. This receipt of commissions creates an incentive for the investment adviser representative to recommend those products in his or her separate capacity as an insurance agent. Likewise, the marketing-override received by Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC, also create an incentive for AE Wealth Management to encourage the recommendation of insurance and annuity products marketed and wholesaled by Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC.

AE Wealth Management is also an affiliate of Innovation Design Group, LLC, which are under common control. Innovation Design Group, LLC is an insurance agency that provides services to insurance companies concerning the product design and distribution of annuities. Innovation Design Group, LLC has participated in the design of a number of annuities issued by insurance companies that are either distributed exclusively by its affiliate Advisors Excel, LLC or distributed by a small group of insurance marketing organizations of which Advisors Excel, LLC is a member.

As a result of the above, the advice rendered to you could be biased. In the event your investment adviser representative will receive a commission in relation to a recommended product, that fact will be disclosed to you. Commissions are built into the product pricing and are not directly paid by you in the form of a reduction of premium amount. Commissions are set by the applicable insurance carrier but will typically range from 5-9% of the total premium.

Investment adviser representatives are eligible to receive incentives and other compensation based on achieving insurance carrier and third-party (which may include affiliates of AE Wealth Management) criteria related to insurance transactions; including your insurance product purchase. These incentives are determined by criteria set by the insurance carrier or third party. The incentives likely include, but are not limited to: gifts, meals, or entertainment of reasonable value, participation in bonus programs, reimbursement for training, marketing, educational efforts, advertising, or travel expenses to conferences or events sponsored by third parties or insurance carriers.

You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative in his or her capacity as an insurance agent or utilize insurance or annuity products wholesaled by Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC.

AE Wealth Management has taken steps to manage these conflicts of interest by requiring that each investment adviser representative (i) only recommend insurance and annuities when in the best interest of the client and without regard to the financial interest of AE Wealth Management and its investment adviser representative or insurance agents, (ii) not recommend insurance and/or annuities which result in your

investment adviser representative acting as an insurance agent and/or an affiliated insurance agency receiving unreasonable compensation related to the recommendation and (iii) disclose in writing to a client any material conflicts of interest related to insurance or annuity recommendations.

Independent Investment Advisers

Certain persons offering the asset management services of AE Wealth Management own or are affiliated with independent investment advisory firms (individually “Independent Investment Adviser” or collectively “Independent Investment Advisers”). These Independent Investment Advisers may utilize the financial planning and asset management services of AE Wealth Management. Clients that engage such an Independent Investment Adviser will receive a copy of the Independent Investment Adviser’s firm disclosure document and will execute a client agreement specifying the services provided and fees charged by the Independent Investment Adviser and the role of AE Wealth Management with respect to such services.

As an incentive for Independent Investment Advisers to use our programs and services, we provide forgivable loans and similar economic incentives. Forgivable loans are provided in order to assist Independent Investment Advisers with transitioning the investment adviser representatives of Independent Investment Advisers from their former service provider to AE Wealth Management.

Terms and conditions of each loan are negotiated with each Independent Investment Adviser and remain in effect as long as the Independent Investment Advisers’s relationship with AE Wealth Management continues and to the extent the Independent Investment Adviser retains most of its client assets in the AE Wealth Management program.

The receipt of a loan from AE Wealth Management presents a conflict of interest in that Independent Investment Advisers has a financial incentive to maintain its relationship with AE Wealth Management and continue recommending AE Wealth Management to clients. To the extent Independent Investment Advisers recommends you use AE Wealth Management for its sub-advisory services, Independent Investment Advisers will only do so if Independent Investment Advisers believes that it is in your best interest based on the services, quality of programs, and benefits provided through by AE Wealth Management.

Registered Representative of a Broker-Dealer

Some of the firm’s investment adviser representatives are also registered representatives of a securities broker-dealer. If your investment adviser representative is registered with a securities broker-dealer, you can work with your investment adviser representative in his or her separate capacity as a registered representative of a securities broker-dealer.

As a result of this relationship, the securities broker-dealer may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients of AE Wealth Management, even if a client does not establish any account through the securities broker-dealer. If you would like a copy of the privacy policy of the broker-dealer, please contact your investment adviser representative.

When acting in a separate capacity as a registered representative, your investment adviser representative will sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative will suggest that you implement investment advice by purchasing securities products through

a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered is biased due to the receipt of commissions and other standard brokerage compensation.

You are under no obligation to use the services of the firm's investment adviser representatives in this separate capacity or to use such broker-dealer and can select any broker-dealer you wish to implement securities transactions. If you select the firm's investment adviser representatives to implement securities transactions in the separate capacity as registered representatives, he or she must use his or her broker-dealer. Prior to effecting any such transactions, you are required to enter into a new account agreement with the broker-dealer. The commissions charged by the broker-dealer may be higher than those charged by other broker-dealers. In addition, the registered representatives may also receive ongoing periodic mutual fund fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment. However, the firm's investment adviser representatives generally do not receive any portion of the 12b-1 fees paid and other compensation such as commissions, loads, trails, etc. when holding mutual funds in the asset management program or through the firm's platform provider.

Related Broker-Dealer/Investment Adviser

The holding company which controls AE Wealth Management also holds a controlling interest in Madison Avenue Securities, LLC, a registered broker-dealer and investment adviser. Certain investment adviser representatives of AE Wealth Management may also be registered representatives of Madison Avenue Securities. As a result of this relationship, our owner will likely benefit if securities that are recommended during financial planning and consulting engagements are purchased through Madison Avenue Securities. We do not typically utilize Madison Avenue Securities, LLC as a broker-dealer for our asset management services. With respect to our financial planning and consulting services, our policy prohibits us from recommending that you purchase a security through Madison Avenue Securities unless the purchase is in your best interest.

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

Code of Ethics Summary

AE Wealth Management has established a Code of Ethics that will apply to all of its associated persons. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. AE Wealth Management has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. AE Wealth Management has the responsibility to make sure that the interests of all clients are placed ahead of AE Wealth Management's own investment interests. AE Wealth Management will disclose material facts along with potential and actual conflicts of interest to clients. AE Wealth Management seeks to conduct business in an honest, ethical, and fair manner and will take reasonable steps to avoid circumstances that might negatively affect our duty of loyalty to clients. This section is intended to provide clients with a summary of AE Wealth Management's Code of Ethics. Clients may receive a complete copy of the Code of Ethics upon request.

Affiliate and Employee Personal Securities Transactions Disclosure

AE Wealth Management or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of AE Wealth Management that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. AE Wealth Management and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

To mitigate conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons).

Any associated person not observing our policies is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

Clients are under no obligation to act on the financial planning recommendations of AE Wealth Management. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives best execution for transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we may consider a number of factors other than prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology, and pricing of services offered.

Brokerage Recommendations

In order to utilize our asset management services, AE Wealth Management will require that you establish or maintain a brokerage account with TD Ameritrade through their Institutional Platform or with Fidelity Institutional Wealth Services and/or its affiliate, National Financial Services LLC (collectively "Fidelity"). TD Ameritrade, Inc. and Fidelity are members of FINRA/SIPC/NFA. TD Ameritrade and Fidelity are independent and unaffiliated registered broker-dealers and are recommended by AE Wealth Management to maintain custody of clients' assets and to effect trades for their accounts.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by AE Wealth Management must

be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

TD Ameritrade, Inc.

TD Ameritrade, Inc. provides us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

If you choose to receive services on a non-wrap fee basis, TD Ameritrade will not charge separately for custody but will be compensated through commissions or other transaction-related fees for securities trades that are executed or that settle into a custodian account. To the extent you qualify for no-transaction pricing (i.e. \$0.00 commissions) offered by your custodian, please know that AE Wealth Management does not require your investment adviser representative to lower his or her fee if you stay in a wrap-fee program account and/or move from a wrap-fee program account to a non-wrap fee program account. AE Wealth Management however, does reduce the firm's portion of the management fee by 10 basis points when a client moves to a non-wrap fee program account. If you choose to receive services through our wrap fee program, we will compensate TD Ameritrade for its custodial services with a portion of the fee that we charge you.

Services that we may receive from TD Ameritrade include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

TD Ameritrade, Inc. also makes available to us (or offsets the cost of) other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements);
- Provide research, pricing information, and other market data;
- Facilitate payment of the firm's fees from its clients' accounts; and
- Assist with back-office functions, record keeping, and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. TD Ameritrade is also providing other services intended to help our firm manage and further develop our business enterprise. These services may include:

- Consulting,
- Publications and conferences on practice management,
- Information technology,
- Business succession,
- Regulatory compliance, and
- Marketing.

The President of AE Wealth Management serves on the TD Ameritrade Institutional Advisor Panel ("Panel"). The Panel consists of a number of independent investment advisors who inform and provide feedback to TD Ameritrade Institutional ("TDAI") on issues relevant to the independent advisor community. Advisor has been appointed to serve on the Panel for a three-year term by TDAI. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate advisor for serving on the Panel but TDAI pays or reimburses advisor for travel, lodging, and meal expenses advisor incurs in attending in person Panel meetings. The potential benefits received by advisor or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TDAI.

Fidelity Institutional Wealth Services

Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

If you choose to receive services on a non-wrap fee basis, Fidelity will not charge separately for custody but will be compensated through commissions or other transaction-related fees for securities trades that are executed or that settle into a custodian account. To the extent you qualify for no-transaction pricing (i.e. \$0.00 commissions) offered by your custodian, please know that AE Wealth Management does not require your investment adviser representative to lower his or her fee if you stay in a wrap-fee program account and/or move from a wrap-fee program account to a non-wrap fee program account. AE Wealth Management however, does reduce the firm's portion of the management fee by 10 basis points when a client moves to a non-wrap fee program account. If you choose to receive services through our wrap fee program, we will compensate Fidelity for its custodial services with a portion of the fee that we charge you.

Fidelity also makes available other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements);
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts);
- Provide research, pricing information and other market data;
- Facilitate payment of our fees from client accounts; and
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all, or a substantial number, of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management,
- Information technology,
- Business succession,
- Regulatory compliance,
- Marketing, and
- Assistance with client paperwork and other items related to transitions to AE Wealth Management.

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to us by independent or related third parties. As a fiduciary, we endeavor to act in your best interest. Our

recommendation that you maintain your assets in accounts at Fidelity will be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a conflict of interest.

Directed Brokerage

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, AE Wealth Management may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, AE Wealth Management has decided to require our clients to use broker/dealers and other qualified custodians determined by AE Wealth Management.

Soft Dollar Benefits

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer or custodian. Except as described above, AE Wealth Management does not have a formal soft dollar agreement with a broker-dealer, custodian or other third-party.

Training Assistance Received from Service Providers

AE Wealth Management receives payments from certain service providers to partially offset the costs of providing training events related to investment products, investment management, and compliance topics for investment adviser representatives associated with AE Wealth Management. Such service providers include (but are not limited to) custodians, such as TD Ameritrade and Fidelity, as well as mutual fund, exchange traded fund, and unit investment trust providers, such as Wisdom Tree and First Trust. Investment products offered by such mutual fund, exchange traded fund, and unit investment trust providers may be directly recommended or included in model portfolios recommended to clients of AE Wealth Management.

Block Trading Policy

With respect to our asset management services, we may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and is used by our firm when AE Wealth Management believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

AE Wealth Management uses the average price allocation method for transaction allocation. Under this procedure AE Wealth Management will calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which AE Wealth Management or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Accounts subject to our asset management services are reviewed at least annually. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by investment adviser representative of record, with reviews performed in accordance with your investment goals and objectives.

Generally, our financial planning services terminate upon the presentation of the written plan. Our financial planning and consulting services do not include monitoring the investments of your account(s), and therefore, we do not provide an ongoing review of your account(s) under such services.

Statements and Reports

For our asset management services, you will be provided with transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian. Additionally, AE Wealth Management may provide you periodic performance reports.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by AE Wealth Management.

You are encouraged to compare any reports or statements provided by us, a sub-adviser, or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Item 14 – Client Referrals and Other Compensation

AE Wealth Management pays certain persons cash fees for client referrals. If a client is referred to us by a referring party, the referring party will provide the client with a copy of our Brochure. The client also will receive a Solicitor's Disclosure Statement document. If the referring party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Brochure. Once an investment management account is established, the referring party will receive ongoing compensation based on a percentage of the assets under management associated with the account.

Our investment adviser representatives, acting in their separate capacities as insurance agents, receive commissions and other incentive awards for the recommendation/sale of annuities and other insurance products. While our investment adviser representatives put the interest of the clients first as a part of the firm's fiduciary duty, clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest. Due to the non-fiduciary capacity the investment adviser representatives are acting in, as insurance agents, this can impact the insurance products they select when making recommendations.

Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC provides AE Wealth Management investment adviser representatives bonus compensation based on the amount of annuity sales during a specific period of time which is a conflict of interest. They also provide indirect compensation by providing marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and AE Wealth Management investment adviser representatives' efficiency, back office and operations support to assist in the processing of insurance (through Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC) services for clients, business succession planning, business conferences and incentive trips for the firm. Although some of these services can benefit a client, other services obtained by AE Wealth Management investment adviser representatives from Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC such as marketing assistance, business development and incentive trips will not benefit an existing client and is a conflict of interest.

AE Wealth Management investment adviser representatives can receive bonus payments from an insurance company for selling a targeted number of annuities during a specified period of time which creates a conflict of interest.

At times, AE Wealth Management investment adviser representatives receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are the result of informal expense sharing arrangements in which product sponsors will underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of clients. AE Wealth Management attempts to control for this conflict by always basing investment decisions on the individual needs of clients.

Item 15 – Custody

Custody means having access or control over client funds and/or securities. Custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

AE Wealth Management is deemed to have limited custody of client funds and securities whenever the firm is given the authority to have fees deducted directly from client accounts. This is the only form of custody AE Wealth Management will ever maintain. For accounts in which AE Wealth Management is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from AE Wealth Management. If you have questions about your account statements, you should contact AE Wealth Management or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

When providing asset management services, AE Wealth Management maintains trading authorization over your Account and provides management services on a discretionary basis. Discretionary authority is granted through the execution of a limited power of attorney contained in the custodian's paperwork and the execution of an investment management agreement with AE Wealth Management. We have the authority to determine the type of securities and the amount of securities that will be bought or sold for your portfolio without obtaining your consent for each transaction. Nevertheless, you will have the ability to place restrictions on the types of investments that may be purchased in your account. Under the Model Portfolio Solutions program, the platform provider will have the authority to buy and sell securities for your account based on directions provided by the manager of the selected model portfolio without obtaining your prior consent.

Item 17 – Voting Client Securities

Proxy Voting

AE Wealth Management does not vote proxies on behalf of clients. Therefore, it is your responsibility to vote all proxies for securities held in your Account. You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact your investment adviser representative.

Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. AE Wealth Management does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, AE Wealth Management has not been the subject of a bankruptcy petition at any time.



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Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure

Date of Brochure: March 30, 2020

This Wrap Fee Program Brochure provides information about the qualifications and business practices of AE Wealth Management, LLC (also referred to as we, us and AE Wealth Management throughout this disclosure brochure). If you have any questions about the contents of this brochure, please contact AE Wealth Management Compliance at 866-363-9595 or compliance@ae-wm.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 AE Wealth Management is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for AE Wealth Management, LLC or our firm's CRD number 282580.

***Registration as an investment adviser does not imply a certain level of skill or training.**

Item 2 – Material Changes

This section discusses material changes that have been made to this Brochure since the last annual update. The last annual update was on March 30, 2019, and since that time, the following material changes have been made:

Item 4 – Services, Fees and Compensation

Fees and Compensation for Asset Management Services has been revised to reflect the lowering of the maximum allowable annual fee from 2.9% to 2.5% and to clarify certain benefits received by AE Wealth Management from TD Ameritrade and Fidelity.

Brokerage Recommendations has been revised to clarify certain benefits received by AE Wealth Management from TD Ameritrade and Fidelity.

Item 5 – Account Requirements and Types of Clients

Client Assets Managed by AE Wealth Management has been revised to reflect our current regulatory assets under management, our current assets under administration, and our current total platform assets.

Item 9 – Additional Information

Registration of Management Persons with a Broker-Dealer has been revised to reflect the current registration status of an affiliate broker-dealer.

Independent Investment Advisers has been included to share information regarding the practice of providing forgivable loans and similar economic incentives.

Item 3 – Table of Contents

Item 1 - Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Services, Fees and Compensation	4
Introduction	4
Direct Asset Management Services	4
Model Portfolio Solutions	5
Fees and Compensation for Asset Management Services	5
Suitability and Investment Strategy	7
Brokerage Recommendations	7
Training Assistance Received from Service Providers	10
Block Trading	10
Additional Compensation, Economic and Non-Economic Benefits	10
Item 5 – Account Requirements and Types of Clients	11
Minimum Account Size	11
Types of Accounts	11
Client Assets Managed by AE Wealth Management	11
Item 6 – Portfolio Manager Selection and Evaluation	11
Model Portfolio Solutions	11
Direct Asset Management Services	12
Participation in Wrap Fee Program v. Traditional Option of Advisory Fee + Per Transaction Charge	13
General Description of Other Advisory Services	14
Tailor Advisory Services to Individual Needs of Clients	15
Performance-Based Fees and Side-By-Side Management	15
Methods of Analysis	15
Investment Strategies	17
Risk of Loss	17
Voting Client Securities	18
Item 7 – Client Information Provided to Portfolio Managers	18
Item 8 - Client Contact with Portfolio Managers	19
Item 9 - Additional Information	19
Disciplinary Information	19
Registration of Management Persons with a Broker-Dealer	19
Other Financial Industry Activities and Affiliations	19
Independent Investment Advisers	19
Registered Representative of a Broker-Dealer	20
Broker-Dealer	21
Insurance Agent/Insurance Marketing Organizations	21
Interest in Client Transactions and Code of Ethics	22
Affiliate and Employee Personal Securities Transactions Disclosure	23
Account Reviews	24
Account Statements and Reports	24
Client Referrals	24
Financial Information	25

Item 4 – Services, Fees and Compensation

AE Wealth Management is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Kansas. AE Wealth Management filed its initial application to become registered as an investment adviser on February 2016.

The principal owners of AE Wealth Management are DDC Holdings, LLC, the Karlun M. Callanan 2016 Irrevocable Trust A, and the Jennifer A. Foster 2016 Irrevocable Trust A. David Callanan and Cody Foster are the primary owners of DDC Holdings LLC. David Callanan is the trustee of the Karlun M. Callanan 2016 Irrevocable Trust A and Cody Foster is the trustee of the Jennifer A. Foster 2016 Irrevocable Trust A.

Introduction

The investment advisory services of AE Wealth Management described in this disclosure brochure are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of AE Wealth Management or by an investment adviser representative of an Independent Registered Investment Advisor that has entered into an agreement with AE Wealth Management to provide investment management services for clients (referred to as your investment adviser representative throughout this brochure). Your investment adviser representative typically is not an employee of AE Wealth Management; rather, your investment adviser representative typically is an independent contractor of AE Wealth Management. Your investment adviser representative is typically limited to providing the services and charging asset management fees in accordance with the descriptions detailed in this brochure. Your investment adviser representative is generally allowed to set investment management fees within a range prescribed by AE Wealth Management. As a result, the rates actually charged by two different investment adviser representatives of AE Wealth Management or an associated Independent Registered Investment Advisor may vary for similar services. The exact services you receive and the fees you will be charged will be specified in your advisory services agreement.

Direct Asset Management Services

Under our Direct Asset Management Services, you may choose to have your investment adviser representative directly manage your account(s) under our wrap fee program. Your investment adviser representative will have the discretion to buy or sell securities on your behalf without your prior permission for each specific transaction. Nevertheless, you will have the ability to impose restrictions on the management of your account, including the ability to instruct us not to purchase certain securities.

Your account will be managed based on your financial situation, investment objectives, and risk tolerance. Accordingly, we will need to obtain certain information from you to determine your financial situation, investment objectives, and risk tolerance. As part of this process, your investment adviser representative will assist you in completing a detailed risk questionnaire and review the information you provide. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, or risk tolerance and whether you wish to impose or modify any existing investment restrictions.

The financial situation, investment objectives, and risk tolerance for each client of AE Wealth Management is unique. As a result, we may give advice to another client or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated

to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Model Portfolio Solutions

AE Wealth Management offers model portfolio selection services, which allows AE Wealth Management and your investment adviser representative to exercise discretion to select model portfolios managed by the AEWM investment committee and/or third-party non-affiliated investment managers. An investment adviser representative will assist you in completing a client profile questionnaire and review the information you provide. We will then select the model portfolio(s) that aligns with your disclosed risk tolerance and investment objectives.

AEWM utilizes a third-party platform provider to effectuate model portfolios. The platform provider will be given discretionary authority to implement the selected model portfolio(s) and to trade your account based on information and/or signals provided by the manager(s) of the model portfolio(s). The platform provider will implement the model(s) for your account by acquiring the securities that are represented in the selected model portfolio(s). We will be available to answer questions that you may have regarding your account. We will have the ability to select the model portfolio(s) as well as the ability to reallocate funds from or to the model portfolio(s) and funds in other accounts over which you have granted us discretionary authority.

You should be aware that there may be other model portfolios not recommended by our firm, that are suitable for you and that may be less costly than arrangements recommended by our firm. No guarantees can be made that your financial goals or objectives will be achieved through the Model Portfolio Solutions program or by a recommended/selected model portfolio. Further, no guarantees of performance can ever be offered by our firm.

Fees and Compensation for Asset Management Services

Fees for services provided through our wrap fee program are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a monthly calendar basis and calculated based on the average daily balance of the account for the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. Under the average daily balance method, each day's balance for the month is summed then divided by the number of days in the month, to compute the average daily balance. The average daily balance is then multiplied by the monthly portion of the annual fee to determine the monthly fee due. The services under this program continue in effect until terminated by either party by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by AE Wealth Management to you. If services are terminated at any time other than

the last business day of the month, fees for the final billing period will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Fees for investment management services are negotiable by each of our investment adviser representatives based upon the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, the total amount of assets under management for the client, and the portfolio(s) chosen.

Based upon the above negotiability factors, each investment adviser representative is allowed to set the fee for investment advisory services up to a maximum amount of 2.5% annually. The fee charged to each client includes a portion attributable to AE Wealth Management, a portion attributable to the manager of the selected model portfolio (if applicable), and a portion attributable to the platform provider. Typically, the model manager's fee will range from 0.00% to 0.75% annually. A typical distribution for an annual fee of 1.75% would include an allocation of 1.35% to AE Wealth Management (including the asset based custodial fee if a wrap fee program is chosen), and allocations of .01% to .50% to the money managers, custodian, platform provider, etc. of the selected model portfolio. The preceding is for illustrative purposes only. The annual fee charged by AE Wealth Management will be specified in the client's agreement with AE Wealth Management. Additionally, the platform provider may impose a minimum platform fee of \$100.00 per account. If such a minimum platform fee is imposed on your account, we may pass the fee on to you.

AE Wealth Management believes that its annual fee is reasonable in relation to: (1) services provided, and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

Fees for investment management services will be deducted from your account by the qualified custodian(s). You must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to AE Wealth Management. You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

Investment management services are offered both on a non-wrap fee basis and through a wrap fee program. If you choose to receive services on a non-wrap fee basis, the custodian will not charge separately for custody but will be compensated through commissions or other transaction-related fees for securities trades that are executed or that settle into a custodian account. To the extent you qualify for no-transaction pricing (i.e. \$0.00 commissions) offered by your custodian, please know that AE Wealth Management does not require your investment adviser representative to lower his or her fee if you stay in a wrap-fee program account and/or move from a wrap-fee program account to a non-wrap fee program account. AE Wealth Management however, does reduce the firm's portion of the management fee by 10 basis points when a client moves to a non-wrap fee program account. If you choose to receive services through our wrap fee program, we will compensate the custodian for its custodial services with a portion of the fee that we charge you.

In addition to the fees described above, you may incur certain charges imposed by third parties other than AE Wealth Management in connection with investments made through your account including, but not

limited to, ETF sales loads and management fees, sales charges and management fees for alternative investments, mutual fund sales loads, periodic mutual fund fees (e.g. 12b-1 trails) and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by AE Wealth Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Suitability and Investment Strategy

Our investment advice is based on your financial situation, investment objectives, and risk tolerance. Investment adviser representatives will assist clients in determining their objective(s), investment strategy, and investment suitability, prior and subsequent to opening an asset management account. Accordingly, we will need to obtain certain information from you to determine your financial situation, investment objectives, and risk tolerance. As part of this process, we will assist you in completing a detailed risk questionnaire and review the information you provide. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, or risk tolerance and whether you wish to impose or modify any existing investment restrictions.

The financial situation, investment objectives, and risk tolerance for each client of AE Wealth Management is unique. As a result, we may give advice to another client or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to recommend to you (or select for you if discretionary authority is granted by you) a Model Manager and corresponding model portfolio that we are recommending/selecting for other clients or our personal accounts.

Brokerage Recommendations

In order to utilize our asset management services, AE Wealth Management will require that you establish or maintain a brokerage account with TD Ameritrade through their Institutional Platform or with Fidelity Institutional Wealth Services and/or its affiliate, National Financial Services LLC (collectively "Fidelity"). TD Ameritrade, Inc. and Fidelity are members of FINRA/SIPC/NFA. TD Ameritrade and Fidelity are independent and unaffiliated registered broker-dealers and are recommended by AE Wealth Management to maintain custody of clients' assets and to effect trades for their accounts.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by AE Wealth Management must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

TD Ameritrade, Inc.

TD Ameritrade, Inc. provides us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

If you choose to receive services on a non-wrap fee basis, TD Ameritrade will not charge separately for custody but will be compensated through commissions or other transaction-related fees for securities trades that are executed or that settle into a custodian account. To the extent you qualify for no-transaction pricing (i.e. \$0.00 commissions) offered by your custodian, please know that AE Wealth Management does not require your investment adviser representative to lower his or her fee if you stay in a wrap-fee program account and/or move from a wrap-fee program account to a non-wrap fee program account. AE Wealth Management however, does reduce the firm's portion of the management fee by 10 basis points when a client moves to a non-wrap fee program account. If you choose to receive services through our wrap fee program, we will compensate TD Ameritrade for its custodial services with a portion of the fee that we charge you.

Services that we may receive from TD Ameritrade include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

TD Ameritrade, Inc. also makes available to us (or offsets the cost of) other products and services that benefit our firm but may not directly benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements);
- Provide research, pricing information and other market data;
- Facilitate payment of the firm's fees from its clients' accounts; and
- Assist with back-office functions; record keeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. TD Ameritrade is also providing other services intended to help our firm manage and further develop our business enterprise. These services may include:

- Consulting,
- Publications and conferences on practice management,
- Information technology,
- Business succession,
- Regulatory compliance, and
- Marketing.

The President of AE Wealth Management serves on the TD Ameritrade Institutional Advisor Panel ("Panel"). The Panel consists of a number of independent investment advisors who inform and provide feedback to TD Ameritrade Institutional ("TDAI") on issues relevant to the independent advisor community. Advisor has been appointed to serve on the Panel for a three-year term by TDAI. TD Ameritrade, Inc. ("TD Ameritrade")

does not compensate advisor for serving on the Panel but TDAI pays or reimburses advisor for travel, lodging, and meal expenses advisor incurs in attending in person Panel meetings. The potential benefits received by advisor or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TDAI.

Fidelity Institutional Wealth Services

Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

If you choose to receive services on a non-wrap fee basis, Fidelity will not charge separately for custody but will be compensated through commissions or other transaction-related fees for securities trades that are executed or that settle into a custodian account. To the extent you qualify for no-transaction pricing (i.e. \$0.00 commissions) offered by your custodian, please know that AE Wealth Management does not require your investment adviser representative to lower his or her fee if you stay in a wrap-fee program account and/or move from a wrap-fee program account to a non-wrap fee program account. AE Wealth Management however, does reduce the firm's portion of the management fee by 10 basis points when a client moves to a non-wrap fee program account. If you choose to receive services through our wrap fee program, we will compensate Fidelity for its custodial services with a portion of the fee that we charge you.

Fidelity also makes available other products and services that benefit us but may not directly benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements);
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts);
- Provide research, pricing information and other market data;
- Facilitate payment of our fees from client accounts; and
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all, or a substantial number, of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management,
- Information technology,
- Business succession,
- Regulatory compliance,
- Marketing, and
- Assistance with client paperwork and other items related to transitions to AE Wealth Management.

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to us by independent or related third parties. As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Fidelity may be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or

quality of custody and brokerage services provided by Fidelity. This may create a potential conflict of interest.

Training Assistance Received from Service Providers

AE Wealth Management receives payments from certain service providers to partially offset the costs of providing training events related to investment products, investment management, and compliance topics for investment adviser representatives associated with AE Wealth Management. Such service providers include (but are not limited to) custodians, such as TD Ameritrade and Fidelity, as well as mutual fund, exchange traded fund, and unit investment trust providers, such as Wisdom Tree and First Trust. Investment products offered by such mutual fund, exchange traded fund, and unit investment trust providers may be directly recommended or included in model portfolios recommended to clients of AE Wealth Management.

Block Trading

Where possible and when advantageous to clients, trades will be blocked by us or a third-party providing trading services to us. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Our trading services provider will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day.

Additional Compensation, Economic and Non-Economic Benefits

Our investment adviser representatives can sell securities in their separate capacities as registered representatives of a broker-dealer. In addition, they may sell insurance products in their capacities as independent insurance agents for sales commissions. Please refer to Item 9 to read more about our ability to offer strictly commission-based services through broker-dealers and our insurance activities.

When managing accounts through programs outlined in this disclosure brochure, some of the advice offered by our investment adviser representatives may involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12(b)-1 fees. However, our investment adviser representatives generally do not receive any portion of the 12b-1 fees paid and other compensation such as commissions, loads, trails, etc. when holding mutual funds in our asset management program.

You are never obligated to the broker-dealer(s) affiliated with our investment adviser representatives and you are never obligated to purchase investment products through our investment advisor representatives. You have the option to purchase investment products through other brokers or agents that are not affiliated with AE Wealth Management.

Item 5 – Account Requirements and Types of Clients

Minimum Account Size

AE Wealth Management requires a minimum of \$10,000 in order to open an account. Exceptions may be granted to this minimum if approved by both your investment adviser representative and AE Wealth Management for a client's immediate family members or in anticipation of additional deposits in the near future.

Types of Accounts

AE Wealth Management generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Retirement and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations and business entities

You are required to execute a written agreement with AE Wealth Management specifying the particular advisory services in order to establish a client arrangement with AE Wealth Management.

Client Assets Managed by AE Wealth Management

As of December 31, 2019, we have regulatory assets under management in the amount of \$8,583,746,349, which we manage on a discretionary basis. We currently do not manage any client assets on a non-discretionary basis. Additionally, we have \$1,813,511,700 in assets under administration. While we provide administrative services regarding these assets under administration, we are not currently providing continuous investment management services to these assets. Accordingly, we have total platform assets of \$10,397,258,049.

Item 6 – Portfolio Manager Selection and Evaluation

Model Portfolio Solutions

AE Wealth Management, or our platform provider, reviews each Model Manager before selecting them to be included in our program. We also conduct periodic reviews to ensure that the manager is still suitable for our programs. We call these processes "due diligence." In order to assist us in conducting our due diligence and selection of both Model Managers and specific Model Portfolios, we have contracted with an outside firm to act as our outsourced Chief Investment Officer. Our Chief Investment Officer also conducts oversight of the outsourced due diligence review. Each Model Manager is evaluated on the basis of information provided by the Model Manager including descriptions of its investment process, asset allocation strategies employed, sample portfolios to review securities selections, and the Model Manager's Form ADV Disclosure Brochure (if applicable).

We often request, but do not require, that Model Managers adhere to GIPS/CFA Institute standards, and every attempt is made to obtain performance information that is calculated on a uniform and consistent

basis. Certain Model Managers may provide information that does not entirely conform to these requirements. In most cases, performance data approved for client viewing will have been calculated based on a uniform and consistent standard. In the rare instance where this is not possible, the affected performance data should clearly indicate by specific disclosure that it was not calculated based on the uniform standard.

Each Model Manager recommended by AE Wealth Management is screened and selected using a number of criteria, including but not limited to:

- Manager or management team tenure and experience;
- Performance within peer group;
- Portfolio turnover;
- Expenses and costs of Model Manager;
- Meetings with manager of Model Manager; and
- Participation in educational forums and conference calls offered by the Model Manager.

Factors that determine the change of a Model Manager may include the following:

- Performance;
- Change of ownership;
- Strategic or tactical change away from a particular sector or asset class; and
- Costs.

We rely on information obtained from the following sources when researching each Model Manager:

- Model Manager's Form ADV and accompanying documents;
- Model Manager's website and other publicly available information; and
- SEC website.

By choosing to utilize a Model Manager in our wrap-fee program, you are granting the platform provider with the discretionary authority (without consulting with the client first) to select the specific investments for the Account based on information, models, and/or signals provided by the selected Model Manager(s). Through its discretionary authority, AE Wealth Management will have the ability to hire and fire the Model Manager and to reallocate the amount of funds within the Account that are in a particular Model Manager's model.

Direct Asset Management Services

If you choose to have your investment adviser representative directly manage your account(s) under our wrap fee program, your investment adviser representative will be acting as the portfolio manager. A conflict of interest may arise if the investment adviser representative charges a higher fee for portfolio management services than an appropriate Model Manager would. AE Wealth Management requires all investment advisory fees to be reasonable and monitors fees charged by investment adviser representatives to ensure that such fees are indeed reasonable. When approving investment adviser representatives to act as portfolio managers, AE Wealth Management uses the same criteria and processes used to select Model Managers.

Participation in Wrap Fee Program v. Traditional Option of Advisory Fee + Per Transaction Charge

AE Wealth Management offers asset management services both on a non-wrap fee basis and through a wrap fee program. In our non-wrap fee program, clients elect to pay expenses under a “traditional” payment option meaning that advisory services are provided for an investment advisory fee to AE Wealth Management but transaction services are billed separately by the qualified custodian on a per-transaction basis. In our wrap fee program, clients elect the bundled “wrap fee” payment option meaning that the investment advisory services (including asset management) and transaction cost (including ticket charges by the qualified custodian) are provided for in one fee. Whenever a fee is charged for services described in this Wrap Fee Program Brochure, we will receive all or a portion of the fee charged.

When making the determination of whether the traditional payment option (i.e., a separate investment advisory fee plus additional per transaction charges) or wrap fee (i.e., investment advisory fee bundled with transaction costs as a single pre-determined fee) is appropriate for your needs, you should bear in mind that wrap fee arrangements, when compared with traditional investment advisory fee plus commissions/ticket charges, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the wrap fee arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a wrap fee arrangement versus a tradition option of a separate investment advisory fee plus a per transaction commission/ticket charge arrangement can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates, and your tax situation. It should also be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the investment management agreement.

In addition to determining whether the traditional payment option (i.e., a separate investment advisory fee plus additional per transaction charges) or wrap fee option (i.e., investment advisory fee bundled with transaction costs as a single pre-determined fee) under AE Wealth Management’s asset management services is appropriate for your needs, you also should be aware that certain investment adviser representatives of AE Wealth Management, and Independent Registered Investment Advisers that offer our asset management services, are also registered representatives of a broker-dealer and could assist you in investing your portfolio in a non-advisory arrangement in which the investment adviser representative in the separate capacity as a registered representative of a broker-dealer works with you through a non-investment advisory, brokerage account through his or her broker-dealer (i.e., away from AE Wealth Management) which only charges commissions. You should bear in mind that an investment advisory account subject to our asset management services, when compared with a non-investment advisory, commission-only based arrangement, may result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such investment advisory, fee-based arrangement may result in a higher annual cost than a non-investment advisory, commission-only arrangement.

You should discuss the advantages and disadvantages of traditional v. wrap fee options under asset management services and an investment advisory, fee arrangement versus a broker-dealer, commission only arrangement with your investment adviser representative and you should read this Wrap Fee Disclosure Brochure carefully as it explains, in detail, our asset management services.

General Description of Other Advisory Services

The following are descriptions of the other primary advisory services of AE Wealth Management. For additional details, please refer to our Form ADV Part 2A disclosure brochure. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and AE Wealth Management before we can provide you the services described below.

Financial Planning & Consulting Services

AE Wealth Management offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics: investment planning, retirement planning, insurance planning, tax planning, education planning, portfolio review, and asset allocation. However, our tax planning services are not a substitute for working with a certified public accountant. When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. You should be aware that there are important issues that may not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a written financial plan.

We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. We also offer “as-needed” consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an “as-needed” consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through AE Wealth Management or retain AE Wealth Management to actively monitor and manage your investments, you must execute a separate written agreement with AE Wealth Management for our asset management services.

Newsletters

AE Wealth Management occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis and do not focus on the needs of a specific individual. Newsletters are provided to clients and prospective clients free of charge.

Seminars

AE Wealth Management may occasionally provide seminars in areas such as financial planning, retirement planning, estate planning, college planning and charitable planning. Seminars are always offered on an impersonal basis and do not focus on the individual needs of participants. Generally, no fees are charged for seminars. In the event a fee is charged, the fee will not exceed the cost of seminar materials and all fees and payment provisions will be fully disclosed to you prior to the seminar being presented.

Workshops

AE Wealth Management offers educational, informative and motivational workshops to the public as well as to associations, family foundations and employers. Workshops are always offered on an impersonal

basis and do not focus on the individual needs of the participants. Generally, no fees are charged for workshops. In the event a fee is charged, the fee will not exceed the cost of seminar materials and all fees and payment provisions will be fully disclosed to you prior to the workshop being presented.

Tailor Advisory Services to Individual Needs of Clients

AE Wealth Management's asset management services are always provided based on your individual needs. This means, for example, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Performance-Based Fees and Side-By-Side Management

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. AE Wealth Management does not charge or accept performance-based fees.

Methods of Analysis

AE Wealth Management uses the following methods of analysis in formulating investment advice:

Charting - Charting is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical – The Cyclical Method analyzes investments which are sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If

done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental – The Fundamental Method evaluates a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – The Technical Method evaluates securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

To conduct analysis, AE Wealth Management gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating

services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases. There are risks involved with any method of analysis that may be used.

Investment Strategies

AE Wealth Management may employ the following investment strategies when managing client assets and/or providing investment advice:

Value investing. A value investing strategy selects stocks that trade for less than their intrinsic values. Value investors typically seek stocks of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. Often, value investors select stocks with lower-than-average price-to-book or price-to-earnings ratios and/or high dividend yields. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative to major benchmarks, macro-economic risks, investing in value traps i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation.

Tactical asset allocation. A tactical asset allocation strategy allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. A strategic asset allocation strategy calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Risk of Loss

Investing in securities (including stocks, mutual funds, and bonds, etc.) always involves risk of loss. Depending on the different types of investments utilized, there may be varying degrees of risk. Accordingly, you should be prepared to bear investment loss including the loss of your original principal. Further, past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Voting Client Securities

AE Wealth Management does not vote proxies on behalf of clients. Therefore, it is your responsibility to vote all proxies for securities held in your Account. You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact your investment adviser representative.

Item 7 – Client Information Provided to Portfolio Managers

Our associated investment adviser representatives are responsible for gathering all information provided by you. We will interview and work with you to gather all information needed relative to your investment objectives and needs in order to provide management services. You are responsible for promptly

contacting your investment adviser representative to notify us of any changes to your financial situation that will impact or materially influence the way we manage your accounts. We do not share your information with our Model Managers.

Item 8 - Client Contact with Portfolio Managers

If a client has any questions for the outside Model Managers, these will be directed to AE Wealth Management who will make inquiries with the Model Manager. It is the policy of AE Wealth Management to provide for open communications between the investment adviser representatives and clients. You are encouraged to contact your investment adviser representative whenever you have questions about the management of your account(s).

Item 9 - Additional Information

Disciplinary Information

We have no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or the integrity of our management.

Registration of Management Persons with a Broker-Dealer

David Callanan, our Chief Executive Officer, is a registered representative of Madison Avenue Securities, a broker-dealer affiliated with AE Wealth Management. Additionally, AE Financial Services, LLC, an entity under common control with AE Wealth Management, has received approval as a broker-dealer. David Callanan, Christopher Radford, our President, and David Wolfe, our General Counsel, are registered representatives of AE Financial Services.

Other Financial Industry Activities and Affiliations

AE Wealth Management is **not** and does **not** have a related person that is a municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an insurance company, a pension consultant, a real estate broker or dealer, or a sponsor or syndicator of limited partnerships.

AE Wealth Management only provides investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our affiliates and investment adviser representatives may sell other products or provide services outside of their role with AE Wealth Management.

Independent Investment Advisers

Certain persons offering the asset management services of AE Wealth Management own or are affiliated with independent investment advisory firms (individually "Independent Investment Adviser" or collectively "Independent Investment Advisers"). These Independent Investment Advisers may utilize the financial

planning and asset management services of AE Wealth Management. Clients that engage such an Independent Investment Adviser will receive a copy of the Independent Investment Adviser's firm disclosure document and will execute a client agreement specifying the services provided and fees charged by the Independent Investment Adviser and the role of AE Wealth Management with respect to such services.

As an incentive for Independent Investment Advisers to use our programs and services, we provide forgivable loans and similar economic incentives. Forgivable loans are provided in order to assist Independent Investment Advisers with transitioning the investment adviser representatives of Independent Investment Advisers from their former service provider to AE Wealth Management.

Terms and conditions of each loan are negotiated with each Independent Investment Adviser and remain in effect as long as the Independent Investment Advisers's relationship with AE Wealth Management continues and to the extent the Independent Investment Adviser retains most of its client assets in the AE Wealth Management program.

The receipt of a loan from AE Wealth Management presents a conflict of interest in that Independent Investment Advisers has a financial incentive to maintain its relationship with AE Wealth Management and continue recommending AE Wealth Management to clients. To the extent Independent Investment Advisers recommends you use AE Wealth Management for its sub-advisory services, Independent Investment Advisers will only do so if Independent Investment Advisers believes that it is in your best interest based on the services, quality of programs, and benefits provided through by AE Wealth Management.

Registered Representative of a Broker-Dealer

Some of the firm's investment adviser representatives are also registered representatives of a securities broker-dealer. If your investment adviser representative is registered with a securities broker-dealer, you can work with your investment adviser representative in his or her separate capacity as a registered representative of a securities broker-dealer.

As a result of this relationship, the securities broker-dealer may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients of AE Wealth Management, even if a client does not establish any account through the securities broker-dealer. If you would like a copy of the privacy policy of the broker-dealer, please contact your investment adviser representative.

When acting in his or her separate capacity as a registered representative, your investment adviser representative will sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative will suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered is biased due to the receipt of commissions and other standard brokerage compensation.

You are under no obligation to use the services of the firm's investment adviser representatives in this separate capacity or to use such broker-dealer and can select any broker/dealer you wish to implement

securities transactions. If you select the firm's investment adviser representatives to implement securities transactions in the separate capacity as registered representatives, he or she must use his or her broker-dealer. Prior to effecting any such transactions, you are required to enter into a new account agreement with the broker-dealer. The commissions charged by the broker-dealer may be higher than those charged by other broker-dealers. In addition, the registered representatives may also receive ongoing periodic mutual fund fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment. However, the firm's investment adviser representatives generally do not receive any portion of the 12b-1 fees paid and other compensation such as commissions, loads, trails, etc. when holding mutual funds in the asset management program or through the firm's platform provider.

Broker-Dealer

The holding company which owns AE Wealth Management also holds a controlling interest in Madison Avenue Securities, LLC, a registered broker-dealer and investment adviser. Certain investment adviser representatives of AE Wealth Management may also be registered representatives of Madison Avenue Securities. As a result of this relationship, our owner will likely benefit if securities that we recommend during financial planning and consulting engagements are purchased through Madison Avenue Securities. We do not utilize Madison Avenue Securities, LLC as a broker-dealer for our asset management services. With respect to our financial planning and consulting services, our policy prohibits us from recommending that you purchase a security through Madison Avenue Securities unless the purchase is in your best interests.

Insurance Agent/Insurance Marketing Organizations

AE Wealth Management is an affiliate of Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC, which are under common control and ownership. Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC are insurance agencies that market/wholesale life insurance and fixed annuities to third-party insurance agents in exchange for a marketing and/or override fee from the issuer of such insurance/annuity products. The investment adviser representatives of AE Wealth Management in a separate capacity as an insurance agent will utilize the marketing and wholesaling services of Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC.

As a client of AE Wealth Management, your investment adviser representative will also serve as an insurance agent. This means your investment adviser representative, acting as an insurance agent, will recommend you place your assets in insurance products and annuities when he or she believes it is in your best interest to do so. These insurance products and annuities pay commissions to your investment adviser representative in his or her separate capacity as an insurance agent. This presents a conflict of interest to your investment adviser representative as he or she will be more inclined to recommend you place your assets in either insurance products or an advisory account depending on which would pay them more.

When acting in his or her separate capacity as an insurance agent, the investment adviser representative will sell, for commissions, life insurance, annuities, and other insurance products to you which may be marketed/wholesaled by Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC. As such, your investment adviser representative in his or her separate capacity as an insurance agent can suggest that you implement recommendations which include purchasing life insurance, annuities, or other insurance products which are marketed and wholesaled by Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC. This receipt of commissions creates an incentive for the investment

adviser representative to recommend those products in his or her separate capacity as an insurance agent. Likewise, the marketing-override received by Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC also create an incentive for AE Wealth Management to encourage the recommendation of insurance and annuity products marketed and wholesaled by Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC.

AE Wealth Management is also an affiliate of Innovation Design Group, LLC, which are under common control. Innovation Design Group, LLC is an insurance agency that provides services to insurance companies concerning the product design and distribution of annuities. Innovation Design Group, LLC has participated in the design of a number of annuities issued by insurance companies that are either distributed exclusively by its affiliate Advisors Excel, LLC or distributed by a small group of insurance marketing organizations of which Advisors Excel, LLC is a member.

As a result of the above, the advice rendered to you could be biased. In the event your investment adviser representative will receive a commission in relation to a recommended product, that fact will be disclosed to you. Commissions are built into the product pricing and are not directly paid by you in the form of a reduction of premium amount. Commissions are set by the applicable insurance carrier but will typically range from 5-9% of the total premium.

Investment adviser representatives are eligible to receive incentives and other compensation based on achieving insurance carrier and third-party (which may include affiliates of AE Wealth Management) criteria related to insurance transactions; including your insurance product purchase. These incentives are determined by criteria set by the insurance carrier or third party. The incentives likely include, but are not limited to: gifts, meals, or entertainment of reasonable value, participation in bonus programs, reimbursement for training, marketing, educational efforts, advertising, or travel expenses to conferences or events sponsored by third parties or insurance carriers.

You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative in his or her capacity as an insurance agent or utilize insurance or annuity products wholesaled by Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC.

AE Wealth Management has taken steps to manage these conflicts of interest by requiring that each investment adviser representative (i) only recommend insurance and annuities when in the best interest of the client and without regard to the financial interest of AE Wealth Management and its investment adviser representative or insurance agents, (ii) not recommend insurance and/or annuities which result in your investment adviser representative acting as an insurance agent and/or an affiliated insurance agency receiving unreasonable compensation related to the recommendation and (iii) disclose in writing to a client any material conflicts of interest related to insurance or annuity recommendations.

Interest in Client Transactions and Code of Ethics

AE Wealth Management has established a Code of Ethics that will apply to all of its associated persons. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. AE Wealth Management has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. AE Wealth Management has the responsibility to make sure that the interests of all clients are

placed ahead of AE Wealth Management's own investment interests. AE Wealth management will disclose material facts and potential conflicts of interest to clients. AE Wealth Management seeks to conduct business in an honest, ethical and fair manner and will take reasonable steps to avoid circumstances that might negatively affect our duty of loyalty to clients. This section is intended to provide clients with a summary of AE Wealth Management's Code of Ethics. Clients may receive a complete copy of the Code of Ethics upon request.

Affiliate and Employee Personal Securities Transactions Disclosure

AE Wealth Management or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of AE Wealth Management that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. AE Wealth Management and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

To mitigate potential conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons).

AE Wealth Management or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of AE Wealth Management that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. AE Wealth Management and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of AE Wealth Management.

Any associated person not observing our policies is subject to sanctions up to and including termination.

Account Reviews

Accounts subject to our asset management services are reviewed at least annually. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by investment adviser representative of record, with reviews performed in accordance with your investment goals and objectives.

Account Statements and Reports

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Client Referrals

AE Wealth Management pays certain persons cash fees for client referrals. If a client is referred to us by a referring party, the referring party will provide the client with a copy of our Brochure. The client also will receive a Solicitor's Disclosure Statement document. If the referring party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Brochure. Once an investment management account is established, the referring party will receive ongoing compensation based on a percentage of the assets under management associated with the account.

Our investment adviser representatives, acting in their separate capacities as insurance agents, receive commissions and other incentive awards for the recommendation/sale of annuities and other insurance products. While our investment adviser representatives put the interest of the clients first as a part of the firm's fiduciary duty, clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest. Due to the non-fiduciary capacity the investment adviser representatives are acting in, as insurance agents, this can impact the insurance products they select when making recommendations.

Advisors Excel, LLC and Asset Marketing Systems Insurance Services, LLC provides AE Wealth Management investment adviser representatives bonus compensation based on the amount of annuity sales during a specific period of time which is a conflict of interest. They also provide indirect compensation by providing marketing assistance and business development tools to acquire new clients, technology with the goal of improving the client experience and AE Wealth Management investment adviser representatives' efficiency, back office and operations support to assist in the processing of insurance (through Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC) services for clients, business succession planning, business conferences and incentive trips for the firm. Although some of these services can benefit a client, other services obtained by AE Wealth Management investment adviser representatives from Advisors Excel, LLC or Asset Marketing Systems Insurance Services, LLC such as marketing assistance, business development and incentive trips will not benefit an existing client and is a conflict of interest.

AE Wealth Management investment adviser representatives can receive bonus payments from an insurance company for selling a targeted number of annuities during a specified period of time which creates a conflict of interest.

At times, AE Wealth Management investment adviser representatives receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are the result of informal expense sharing arrangements in which product sponsors will underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of clients. AE Wealth Management attempts to control for this conflict by always basing investment decisions on the individual needs of clients.

Financial Information

AE Wealth Management does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, AE Wealth Management has not been the subject of a bankruptcy petition at any time.

Privacy Notice

FACTS	What Does AE Wealth Management ("AEWM") Do With Your Personal Information?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> • Social Security number and investment experience • Income and risk tolerance • Assets and account transactions <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons AEWM chooses to share; and whether you can limit this sharing.

REASONS WE CAN SHARE YOUR PERSONAL INFORMATION	Does AEWM share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	AEWM doesn't share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	AEWM doesn't share
For nonaffiliates to market to you	No	AEWM doesn't share
For non-affiliated broker-dealers to supervise registered representatives that are also investment adviser representatives of AEWM – client account and transaction information	Yes	Yes
If your investment adviser representative leaves AEWM, we may allow her/him to take your contact and account information in order to continue providing services to you	Yes	Yes

WHAT WE DO	
How does AEWM protect my personal information?	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>Access to personal information is granted to our home-office associates and investment advisory representatives only to provide investments and services to customers or to serve another legitimate business need.</p>
How does AEWM collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> • Open an account or give us your contact information • Seek advice about your investments or tell us about your investment or retirement portfolio • Enter into an investment advisory contract • Direct us to buy or sell your securities <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>

Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> • Sharing for affiliates' everyday business purposes – information about your creditworthiness • Affiliates from using your information to market to you • Sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account.

DEFINITIONS

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>Our affiliates include financial companies such as Advisors Excel, LLC.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>AEWM does not share with nonaffiliates so that they can market to you.</i>
Joint Marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • <i>AEWM doesn't jointly market.</i>

TO LIMIT OUR SHARING	<ul style="list-style-type: none"> ▪ Call (866) 363-9595 and ask for the Compliance Department or ▪ Mail in the form provided at the end of this notice. <p>If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>
QUESTIONS?	Call (866) 363-9595

MAIL-IN FORM

	Mark if you want to limit:	
	<input type="checkbox"/>	Sharing information about my transactions for supervision purposes to non-affiliated broker-dealers.
	Mark if you want to limit:	
	<input type="checkbox"/>	Sharing my contact and account information if my investment adviser representative leaves AEWM.
	Name	
Address		
City, State, Zip		
Account Number		
Mail To:	Attn: Compliance AE Wealth Management 2950 SW McClure Rd., Ste. B Topeka, KS 66614	

Item 3 – Table of Contents

Section	Subject	Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-By-Side Management	11
Item 7	Types of Clients	11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9	Disciplinary Information	13
Item 10	Other Financial Industry Activities and Other Business Activities	13
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Item 12	Brokerage Practices	14
Item 13	Review of Accounts	15
Item 14	Client Referrals and Other Compensation	15
Item 15	Custody	16
Item 16	Investment Discretion	16
Item 17	Voting Client Securities	16
Item 18	Financial Information	17
	Privacy Policy	18

Item 4 - Advisory Business

COMPANY HISTORY AND PRINCIPALS

Sawtooth Solutions LLC's (hereafter, "**Sawtooth**" or the "**Firm**") status as a Registered Investment Adviser was granted by the SEC as of February 27, 2015. The predecessor entity to Sawtooth, and now its Managing Member, Sawtooth Asset Management, Inc., had served as a registered investment adviser since 2009. Sawtooth provides investment advisory services, portfolio management and back office services from its principal place of business in Minneapolis, Minnesota. Bradley E. Pries is the Founder and Chief Executive Officer of Sawtooth as well as the majority shareholder of the Managing Member. The Firm's focus is on the provision of a turnkey asset management program ("**TAMP**") to independent third-party investment advisers, broker/dealers, insurance companies, banks, trust companies as well as internal advisers.

SAWTOOTH'S MANAGED ACCOUNT PROGRAM

The investment management and investment advisory services provided by Sawtooth as described here are primarily offered through its Managed Account Program (the "**Program**"). Through the Program, Sawtooth provides Advisers with access to the model portfolios of a wide variety of third-party investment managers (the "**Model Managers**") selected by Sawtooth as well as access to unique supporting operational services. The Program enables internal advisers ("**Adviser**") to more efficiently serve the Adviser's client base and at the same time grow their business.

At the beginning of the relationship with an individual investor ("**Client**"), an Adviser will obtain, from their Client information regarding the Client's financial situation, investment objectives, financial goals, tolerance for risk, and investment time horizon (all referred to as the "**Client Profile**"), among other information. The Adviser determines if it is appropriate, based upon the individual needs and circumstances of the Client, to recommend that the Client participate in the Program.

Clients participating in the Program will establish an account with a qualified custodian with whom Sawtooth has an established institutional relationship or with a bank or trust department who provides at least quarterly reports on all Account holdings. Sawtooth will typically only offer discretionary portfolio management services through a qualified custodian with whom Sawtooth has an institutional relationship. No client is obligated to use any recommended custodian.

Program accounts are managed on a discretionary basis. Account supervision is guided by the Client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the Client's stated investment objectives, tolerance for risk, liquidity, portfolio diversification and suitability.

Sawtooth's investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding exchange-listed securities, like stocks and ETFs, foreign issuers, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, mutual funds, United States governmental securities, option contracts on securities and the model portfolios of a variety of Model Managers. Based on the individual needs and circumstances of the Client, Sawtooth and/or the Adviser will determine the allocation of the account among the various investment options and Model Managers available, if deemed appropriate.

The decision regarding the selection of investments to be held in a Client's account is made by the Client's Adviser unless the Adviser has retained Sawtooth for that purpose. Sawtooth's decisions with respect to the investment options and Model Managers will be based, in part, on Sawtooth's evaluation of the investment styles, strategies, risks, and potential benefits of each investment option and each Model Manager.

Sawtooth will provide advice regarding specific investments for a Program account, and will manage or effect purchases, sales, or other transactions for an account. In addition, Sawtooth will have the authority and discretion to manage the account in the

event a Model Manager ceases to act as manager for the account, in which event Sawtooth will manage account investments not allocated to an existing Model Manager until a new Model Manager is retained or manage account investments in their entirety in the event no new Model Manager is recommended. In managing the account assets, Sawtooth is specifically permitted to retain all or part of the existing investments or to liquidate such investments, at Sawtooth's discretion.

At or before entering into the Agreement, the Client's Adviser will be available to discuss the Model Manager's Disclosure Documents and answer any questions the Client may have regarding the Program and the Model Managers. Because the Model Managers may change from time to time, Clients and prospective Clients should consult directly with their Adviser to discuss the currently available selection of Model Managers. Certain Model Managers may not be available to all Clients.

The suitability of a transaction for the Client shall be determined as of the date the transaction was executed for the Client's account. All transactions effected for the Client's account will be deemed to be suitable considering the Client's financial situation, investment objectives, risk tolerance, and investment time horizon, unless written notice to the contrary is received by the Sawtooth within 10 business days following the Client's receipt of the custodian's statement reflecting such transactions.

Neither Sawtooth nor any of the Model Managers guarantees the future performance of any Program Accounts, any specific level of performance, the success of any investment decision or strategy that a Model Manager may recommend, or the success of Sawtooth's or the Model Manager's recommendations in the Program Accounts. The investment and other decisions made by Sawtooth for the Program Accounts are subject to various market, currency, economic, political and business risks, and those investment decisions will not always be profitable.

Sawtooth may make available to a Client access to Client accounts via its password-protected web-based client portal. The Client is responsible for providing all computer hardware, software, and communication lines for such access. Sawtooth may also provide a mobile device application to enable Clients and their Adviser to access client account information on their Apple or Android devices. Sawtooth does not guarantee the reliability of the access to, or accuracy of, electronic data.

At least annually, the Adviser will contact the Client to determine whether there have been any changes in the Client's financial situation or investment objectives and whether the Client wishes to impose investment restrictions or modify existing restrictions.

At least quarterly, a report will be made available to the Client and Client's Adviser reflecting all activity in the account during the preceding period, including performance calculations for the prior periods, all transactions made on behalf of the account, all contributions and withdrawals, all fees and expenses, and the value of the account at the beginning and end of the period. However, the Client should note that the statement provided by the custodian holding their account is the legal record for all account activity. The Client should compare the custodial statement to the report provided on the web-based portal for any errors or omissions. If an error is found, the Client should call their Adviser immediately.

SUB-ADVISORY AND OPERATIONAL SERVICES

Sawtooth also provides sub-advisory and operational services to clients indirectly. In this circumstance, a third-party registered investment adviser, broker/dealer, bank or trust company (collectively referred to as **"Advisors"**) executes a Sub-Advisory Agreement or an Operations Service Agreement (collectively **"Service Agreements"**) with Sawtooth. Sawtooth provides the independent third-party with investment management, investment advisory and/or operational services for their clients. As per the terms of the Service Agreements, the client will enter into a written agreement with the independent third-party but not directly with Sawtooth. When servicing a client's account in coordination with a third-party, the Service Agreements will specify those services to be provided by Sawtooth internally versus those services to be provided by the third-party as well as any fees to be charged and collected for the specified services. In general, Sawtooth provides these services through Sawtooth's Managed Account Program as described in this Disclosure Brochure.

MODEL PORTFOLIO MANAGEMENT SERVICES
AND MODEL MANAGER SELECTION

Sawtooth provides continuous model portfolio management services to clients using a selection of third-party model portfolios provided by Model Managers. Each model portfolio is designed to meet a particular investment goal. Many of the model strategies available on the Program are provided by third-party Model Managers. Under a written agreement between the Model Manager and Sawtooth (the “**Model Manager Agreement**”), the Model Manager constructs a Model Portfolio based on an asset allocation and selects the underlying investments for each portfolio that is based upon a particular investment strategy and/or philosophy. The Model Manager will provide the buy and sell recommendations to Sawtooth for the Model Portfolios.

Sawtooth serves as a Manager of Managers due to its ongoing due diligence and review of the Model Managers available through its Program. Sawtooth may at any time hire or fire a Model Manager at its complete discretion. In the event a Model Manager is removed or departs from Sawtooth’s Program, in coordination with the client’s Advisor, an appropriate replacement may be recommended for a client’s account. Sawtooth cannot guarantee the availability of a particular Model Portfolio or particular Model Manager.

Sawtooth then provides an overlay management service for the Model Portfolios selected for a client’s account by performing all required trades and providing the option to rebalance the account at the Advisor’s request or to select quarterly, semi-annual or annual rebalancing of the client’s account to the recommended asset allocation and by executing any buy and sell recommendations for the Model Portfolio as directed by the Model Manager’s instructions.

Certain Model Managers may pursue an investment strategy that utilizes underlying mutual funds or exchange traded funds advised by the Model Manager or its affiliates. In such a situation, the Model Manager may receive fees from this proprietary fund for serving as the investment advisor. These fees are in addition to the management fees the Model Managers receive through Sawtooth for the ongoing management of the Model Portfolios available through Sawtooth’s Program. The conflict of interest created by such arrangement should be discussed by the Advisor with their client.

An Advisor may wish to develop a proprietary model portfolio for use with their clients. In this situation, the Advisor will not be permitted to collect both an advisory fee and a model manager fee for those client accounts utilizing the Advisor’s proprietary model portfolios. Sawtooth does not perform due diligence on the proprietary model portfolios of an Advisor and only facilitates trading of the proprietary model portfolio as directed by the Advisor.

TAX OVERLAY SERVICES

Sawtooth offers optional Tax Optimization Services and Tax Transition Services (collectively “**Tax Overlay Services**”) to assist in mitigating the impact of income taxes on certain client accounts. The primary source of taxes in client portfolios is from realized short-term capital gains. Sawtooth’s Tax Optimization Service seeks to minimize or, if possible, eliminate realization of short-term capital gains. When rebalancing client accounts, Sawtooth weighs the tax impact of transactions against the risk of not complying with the Model Manager’s sell recommendations. If selling a security based on a Model Manager’s recommended model portfolio change will result in a substantial short-term capital gain, Sawtooth will typically seek to offset that gain with existing realized short-term losses, harvest new short-term losses, or potentially defer the sale of the security until it either reaches long-term capital gains status or until an offsetting short-term capital loss can be harvested.

Sawtooth may provide Tax Transition Services to minimize the impact of income taxes on certain client accounts as an existing client portfolio is transitioned into the Program. Sawtooth offers customizable solutions to manage potential realization of large, unrealized capital gains that may be embedded in a client’s portfolio in addition to customizable strategies that provide for tax-efficient diversification of client portfolios with asset concentration.

SOCIALLY RESPONSIBLE INVESTING SERVICE

Sawtooth offers an optional Socially Responsible Investing (“SRI”) screening service designed for clients who wish to integrate Environmental, Social and Governance factors into their investments. SRI overlay screens can be applied to an existing account.

INDEX REPLICATION SERVICE

Sawtooth offers a replicated index solution, which can give clients direct, index-like exposure through recommendation of a sub-set of securities that are representative of a particular index with similar risk characteristics. This service is subject to client account minimums; therefore, may not be available to all client accounts.

DATA AGGREGATION

Sawtooth offers optional Data Aggregation Services which enables clients to also monitor their accounts that are not managed by Sawtooth. Clients can examine their holdings, allocation of assets and portfolio performance across the full spectrum of a specific client’s in-house and held away accounts. Through use of a data aggregation system, Sawtooth has the ability to generate performance reporting which is calculated according to industry standards and can be applied to each account or combination of several related accounts on a household or family level.

INVESTMENT ADVISORY SERVICES

For Clients with whom Sawtooth works directly, the Client will enter into a written Investment Management Agreement (the “**Agreement**”) with Sawtooth which describes the nature and extent of Sawtooth’s services, the terms and conditions applicable to such services, and the fees to be charged. It should be noted that the services and fees described in this Disclosure Brochure may not all be applicable to a Client’s specific Agreement. In the event of any difference between the information in this Brochure and the Agreement, the Agreement shall control. Clients will receive a copy of this Disclosure Brochure prior to the execution of the Agreement. When a Client signs an Agreement directly with Sawtooth, the Client’s account is serviced by a registered investment adviser representative of Sawtooth. In general, Sawtooth and its Advisers provide services to their clients through Sawtooth’s Managed Account Program as described in this Disclosure Brochure.

ASSETS UNDER MANAGEMENT

As of December 31, 2019, Sawtooth’s TAMP platform contained \$14,725,108,997 in client accounts including investment advisory and/or portfolio management services for \$12,483,838,878 on a discretionary basis and \$7,471 on a non-discretionary basis and back office/non-trading services for an additional \$2,241,262,648 in client accounts.

Item 5 – Fees and Compensation

SAWTOOTH’S MANAGED ACCOUNT PROGRAM SERVICE FEES

Advisor’s clients who participate in the Program may pay a platform fee (each, a “**Platform Fee**”) from which Sawtooth is paid for its services and technology. The Platform Fee also includes investment management services comprised of client profiling assistance, asset allocation assistance, research and evaluation of Model Managers, ongoing monitoring of Model Managers and account performance, Model Manager hiring and termination, fee billing, account rebalancing, account reporting, and other operational and administrative services. It should be noted that the Platform Fee does not include Model Manager Fees, custodial transaction fees or the Advisor’s management fee, all of which may be assessed against a client’s account. It is the Advisor’s responsibility to clearly communicate with its clients, all fees being charged for servicing the client’s account.

The Platform Fee assessed by Sawtooth varies based upon the services an Advisor has selected and will be outlined in the agreement between Sawtooth and the Advisor. Overall, the Platform Fee will not exceed 0.35% per annum. Platform Fees are calculated on a per account basis. Mutual funds, ETF's and alternative investments charge their own fees for investing the pool of assets in the respective investment vehicles. Please see the prospectus or related disclosure document for information regarding these fees. Sawtooth charges a minimum per account fee no higher than \$100 per year although this may be lowered or waived under certain circumstances.

Sawtooth may enter into arrangements with third-parties, certain model managers and/or strategists to make available to clients a reduced or zero Platform Fee option ("**Reduced Platform Fee Program**"). If an Advisor chooses to invest client assets in a Reduced Platform Fee Program investment, the clients will be charged a reduced (or zero) Platform Fee on those assets and will not pay a Model Manager Fee. Under this scenario, in order to give clients a reduced (or zero) Platform Fee option, the model manager(s) will be paying Sawtooth a fee and Sawtooth may share a portion of that fee with third-party(s). Notably, if the Advisor and client want to participate in the Reduced Platform Fee Program, the investment choices will be limited to only those Model Managers participating in the Reduced Platform Fee Program and who have an agreement with Sawtooth and/or a third-party to handle fees in this manner. Overall, the Reduced Platform Fee Program typically results in Sawtooth receiving less compensation than if the Advisor and client invested the assets in non-participating Model Managers on the Platform (thus paying the traditional Platform Fee). Accordingly, the Advisor may have an incentive to recommend investments with the traditional Platform Fee rather than investments subject to the Reduced Platform Fee Program. However, Sawtooth is committed to offering reduced (or zero) Platform Fee options and its Advisors will continue to act in the best interests of their clients, including selecting whether or not to invest assets with Model Managers participating in the Reduced Platform Fee Program.

Advisor's clients who participate in the Program may pay a program fee (each, a "**Program Fee**") from which Sawtooth pays the Model Managers. The Program Fee also includes investment management services comprised of client profiling assistance, asset allocation assistance, research and evaluation of Model Managers, ongoing monitoring of Model Managers and account performance, Model Manager hiring and termination, account rebalancing, account reporting, and other operational and administrative services. It should be noted that the Program Fee does not include custodial transaction fees or the Advisor's management fee, all of which may be assessed against a client's account. It is the Advisor's responsibility to clearly communicate with its clients, all fees being charged for servicing the client's account.

The Program Fee assessed by Sawtooth varies based upon the services an Advisor has selected and will be outlined in the Service Agreements between Sawtooth and the Advisor. Overall, the Program Fee will not exceed 1.45% per annum. The fee charged depends on the Model Portfolio(s) selected. Fees are calculated on a per account basis. Mutual funds, ETF's and alternative investments charge their own fees for investing the pool of assets in the respective investment vehicles. Please see the prospectus or related disclosure document for information regarding these fees. As stated, both the Model Manager and Sawtooth are paid out of the Program Fee. Sawtooth charges a minimum per account fee no higher than \$100 per year although this may be lowered or waived under certain circumstances.

MODEL MANAGER FEES

When an Advisor or client selects a Model Manager to invest their assets into, the Platform Fee does not include the fees for the Model Manager's services ("**Model Manager Fee**"). The Model Manager Fee is separate and distinct from the Platform Fee, custodial/brokerage fees as well as the Advisor's Fee. Model Manager Fees vary based on the manager selected as well as the strategy implemented in the model selected by the Advisor or client. The Model Manager fee is calculated based on the account assets invested in the model. The Advisor will have a variety of models to choose from. Model Manager Fees typically range from 0.00% to 1.00%. As part of its services, Sawtooth will calculate and may collect all fees on behalf of the Advisor and the Model Manager. Sawtooth will forward the fees to the appropriate parties along with the appropriate documentation related to the calculation.

OTHER DISCLOSURES

Certain fees are not included in the Platform Fee or the Program Fee. The Platform Fee and Program Fee do NOT include any fees charged by Advisors to their individual clients for advisory services. The client should separately refer to the Advisor's disclosure documentation or Form ADV Part 2A. The fees noted above do NOT include brokerage, clearing and custody fees for client's assets held in the Program. These fees are separate and can vary depending upon which custodian a client utilizes. Clients, through coordination with their Advisor, may utilize transaction-based pricing or asset-based pricing for clearing and custody services. In either case, these fees will be disclosed separately to the client in the applicable custodian's clearing and custodial paperwork.

It should be noted that Sawtooth will not provide services as a Sponsor of a Wrap Fee Program. However, Advisors who utilize Sawtooth's Program may choose to assess a single fee to their clients that is inclusive of all Platform Fees, Program Fees, Model Manager Fees, the Advisor's fee and all custodial fees. By doing so, the third-party Advisor may be considered a Wrap Fee Sponsor.

Platform Fees and Program Fees charged are calculated as an annual percentage of the assets in the account. Advisors have the option of billing clients on a monthly, calendar quarter or rolling three-month basis as well as the option to bill in advance or arrears. If arrears billing is selected by the Advisor, average daily balance is typically utilized to determine the account value for billing purposes. The fee billing arrangement will be described in the Service Agreements between Sawtooth and the Advisor. Platform Fees and Program Fees may vary with the amount of assets under management and may vary due to the particular investment styles and investment options chosen or recommended. Clients may receive comparable services from other sources for fees that are lower or higher than those charged by Sawtooth.

Model Manager Fees are subject to change at any time. It should be noted that a change in the allocation amongst the model portfolios and other assets utilized in the client's account may change the overall total fee that will be charged to the client's account. The Platform Fee portion of the client's fee is based upon the initial allocation of assets in the client's account and will be communicated to the Advisor upon implementation of the Initial Investment Strategy Allocation Form. This form must be delivered to Sawtooth for the initial trades to be executed in the client's account. Thereafter, the Advisor will receive either a monthly or quarterly fee billing statement for the client's account which the Advisor will communicate to the client. In the event a change in the allocation causes a change in the client's overall fee, Sawtooth will provide the Advisor with access to the Model Manager fee schedules through the portfolio allocation and proposal tools which detail the total cost associated with the client allocation or any change in client allocation. Delivery of such notice will be made as permitted by the Service Agreements.

Fees are not charged based on capital gains or on capital appreciation of any portion of the account. The fees for services noted above are in effect as of the date of this Brochure. Clients will provide the custodian with such documentation as custodian requests authorizing and directing the custodian to deduct the fees from the account and to pay Sawtooth and the Model Managers their respective shares of the fees upon submission of a fee invoice (which may be electronic) to the custodian. The value of the account and the value of any asset in the account shall be the value reflected on the custodian's statements (or on the custodian's internal system, for valuations other than as of the close of a billing period (monthly or quarterly)). Money market accounts and bank accounts, if any, shall be valued as of the valuation date.

Client may make additions to or withdrawals from the account at any time, subject to Sawtooth's right to terminate the account if it falls below the minimum account size stated in this Brochure. Assets deposited into the account after the beginning of a billing period shall be charged a prorated fee based upon the number of days remaining in the quarter, and such prorated fee shall be payable upon deposit of such assets. Client may withdraw account assets upon notice to Sawtooth, subject to usual and customary securities settlement procedures. No fee adjustments shall be made for partial withdrawals or for account appreciation or depreciation within a billing period. A prorated refund of fees charged shall be made if the account is closed within a billing period.

The Sawtooth billing system allows for flat fees, tiered fees, billing in advanced or arrears, bill calculation on end of period or average daily balances, the ability to bill on contributions or refund fees for withdrawals, to bill at the account or household level and for the direct debit of fees from client accounts. The billing system also allows for monthly or quarterly billing and the quarterly billing can be done on calendar quarters or rolling three-month periods.

TAX OVERLAY SERVICE FEES

In the event, an Advisor's client chooses to have Sawtooth provide Tax Overlay Services as described in this Disclosure Brochure, the fee payable to be applied to the applicable sleeve(s) of the client's account(s) may range from 0.075% to 0.15% per annum, subject to a minimum annual fee of \$250 per sleeve. This is in addition to any applicable Platform Fee, Program Fee and/or Model Manager Fee described above as well as any other additional services that a client or the client's Advisor may select.

SOCIALLY RESPONSIBLE INVESTING SERVICE FEES

In the event an Advisor's client chooses to have Sawtooth provide Socially Responsible Investing Services as described in this Disclosure Brochure, the fee payable to be applied to the applicable sleeve(s) of the Client's account(s) will be 0.10% per annum. This is in addition to any applicable Platform Fee, Program Fee and/or Model Manager Fee described above as well as any other additional services that a client or client's Advisor may select.

INDEX REPLICATION SERVICE FEES

In the event an Advisor requests Index Replication Service as described in this Disclosure Brochure, the fee payable to be applied to the applicable sleeve(s) of the Client's account(s) may range from 0.10% to 0.15% per annum, depending on the complexity of the index being optimized. This is in addition to any applicable Platform Fee, Program Fee and/or Model Manager Fee described above as well as any other additional services that a client or client's Advisor may select.

DATA AGGREGATION FEES

In the event, an Advisor chooses to have Sawtooth provide Data Aggregation Services as described in this Disclosure Brochure, the fee payable by the Advisor will be detailed in the Service Agreements.

OTHER DISCLOSURES RELATING TO FEES

Under no circumstances does Sawtooth require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered. The Terms and Conditions for each Agreement and IMA contain termination provisions. The Agreement may be canceled by either party at any time, for any reason, upon receipt of 30 days prior written notice. Clients will receive a prorated refund of any pre-paid Platform Fee or Program Fee, based upon the number of days remaining in the billing period after the termination date. Clients are not charged a liquidation fee if securities are to be delivered in-kind. The client's custodian may charge an account transfer fee, liquidation fee or account closing fee.

The cost of investment advisory services provided through the Program may be more or less than the cost of purchasing similar services separately. Among the factors impacting the relative cost of the program to a particular client include the size of the account, the type of account (e.g. equity or fixed income focused), the size of the assets devoted to a particular strategy and/or the managers selected.

The Platform Fee and Program Fee does not cover any charges associated with the securities transactions in client accounts. Clients may also be charged for specific account services, such as ACAT transfers, electronic fund and wire transfer charges, and for other optional services elected by clients. Accounts may be subject to transaction-based ticket charges assessed by the custodian for the purchase of certain mutual funds. Similarly, the Platform Fee and Program Fee does not cover certain non-brokerage-related fees such as individual retirement account ("IRA") trustee or custodian fees and tax-qualified retirement plan

account fees and annual and termination fees for retirement accounts (such as IRAs). Some mutual funds assess redemption fees to investors upon the short-term sale of its funds. Depending on the particular mutual fund, this may include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees.

ACCOUNT MINIMUM

A minimum of \$50,000 of assets under management is required to participate in the above referenced Program services. This account size may be negotiable under certain circumstances. In those cases, Sawtooth typically requires a minimum per account fee no higher than \$100 per year. Sawtooth may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our Firm.

LIMITED NEGOTIABILITY OF ADVISORY FEES

Although Sawtooth has established the aforementioned fee schedule(s), Sawtooth retains the discretion to negotiate alternative fees on a client-by-client basis. Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisors for similar or lower fees.

ERISA & PROHIBITED TRANSACTIONS

Sawtooth is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts pursuant to the Employee Retirement Income and Securities Act ("**ERISA**"), and regulations under the Internal Revenue Code of 1986, respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Sawtooth may only charge fees for investment advice about products for which our Firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our Firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Sawtooth's advisory fees.

OTHER COMPENSATION

A registered investment adviser representative of Sawtooth may also receive commissions or other compensation from the sale of marketable securities or other financial products and services that an Adviser may recommend to a Client. Sawtooth or an Adviser of Sawtooth may receive commissions and sales incentives for the sale of insurance products paid by an insurance marketing organization or by insurance carriers with respect to products offered by the carrier. The receipt of additional compensation by Sawtooth and its management persons or employees creates a **conflict of interest** that may impair the objectivity of our firm and these individuals when making advisory recommendations.

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

Sawtooth does not charge performance-based fees.

Item 7 - Types of Clients

Sawtooth provides advisory services to third-party investment advisors, broker/dealers, insurance companies, banks, trust companies as well as to internal clients who are individuals and high net-worth individuals.

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

METHODS OF ANALYSIS

Sawtooth may use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). 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.

Quantitative Analysis. We use mathematical ratios and other performance appraisal methods in attempt to obtain more accurate measurements of a model manager's investment acumen, idea generation, consistency of purpose and overall ability to outperform their stated benchmark throughout a full market cycle. Additionally, we perform periodic measurements to assess the authenticity of returns. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also monitor the funds or ETFs in attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities 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 held by the client 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 holding(s) less suitable for the client's portfolio.

Model Manager Analysis. We examine the experience, expertise, investment philosophies, and past performance of Model Managers in attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the Model Manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there

is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(s) in managing client accounts, provided that such strategy(s) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when we believe the securities to be currently undervalued and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time period (typically a year or less). We do this in attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and may result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

Item 9 - Disciplinary Information

Sawtooth is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Sawtooth and its personnel have no reportable disciplinary events to disclose.

Item 10 - Other Financial Industry Activities and Other Business Activities

Consulting Services and Software Tools. Sawtooth provides a customizable asset management software program through a web-enabled platform ("Platform") primarily to other Advisors, who in turn, provide the Platform to their advisers.

Sawtooth provides consulting services and software tools to selected Advisors. Sawtooth may also license the Platform to certain Advisors. The Platform is typically customized and may be private labeled in the name of the applicable Advisor. Advisors can provide the Platform to advisers, who can use the Platform to manage the accounts of their respective clients. Advisors can use the Platform to manage the accounts of their respective clients, typically individuals and their related trusts or estates. The Platform provides Advisors the ability to offer their clients a separate accounts program, various asset allocation programs and account reporting services. Sawtooth also allows Advisors to combine these programs to suit the needs of their clients.

Reporting Only Services. Sawtooth offers reporting services to allow Advisors to monitor client accounts. Advisors can examine their clients' holdings, allocation of assets and portfolio performance. Performance reporting is calculated according to industry standards and is applied to each account or combination of several related accounts for a household's or family's assets.

Back Office Processing/Billing Services. Sawtooth provides back-office functions including daily account reconciliation and asset transfers. Sawtooth uses electronic data feeds from trading/clearing/custodial firms to streamline the account reconciliation process. Sawtooth uses billing software to automate billing for Advisors. The Platform can accommodate a billing

structure to include house-holding of accounts to capture scaling rates, several layers of combined accounts and assets, flat fee billing, credits, advance or arrear billing, daily weighted average billing and event triggered billing.

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

Sawtooth has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance, with applicable federal securities laws. Sawtooth and its employees 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 to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm'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. Sawtooth's Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to Angela C. Wood, Chief Compliance Officer at angie.wood@sawtootham.com or by calling Compliance at 952-831-0039.

Item 12 - Brokerage Practices

Sawtooth requires its discretionary Clients to provide us with instruction as to which custodian to use for their accounts and to advise if there are any special arrangements regarding commission costs or fixed custodial fees that will be charged to their accounts. Clients may include any limitations on discretionary authority via written statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

BEST EXECUTION

Most clients will choose and enter into a separate contractual relationship with a custodian for the assets they deposit into Sawtooth's program. The Firm maintains written policies and procedures to evaluate the execution performance of a custodian. These policies are modeled after the guidelines articulated by the SEC. Specifically, we believe that best execution is largely a qualitative concept. Sawtooth evaluates a custodian based on a variety of factors which may include: (i) the broker-dealer's capital depth and market access; (ii) Sawtooth's knowledge of negotiated commission rates and spreads currently made available; (iii) the nature and character of the markets for the security to be purchased or sold, (iv) the desired timing of the transaction; (v) the execution, clearance and settlement capabilities of the broker/dealer selected, or; (vi) the reasonableness of the commission or its equivalent (such as a mark-up or mark-down) for the specific transaction. Occasionally, in order to obtain best execution and minimize market impact, certain thinly traded securities, illiquid or ETF trades, for example, can be 'stepped-out' in order to gain best execution and minimize market impact. In some instances, stepped-out trades are executed by the other firm without any additional markup or markdown, but in other instances, the executing firm may impose a markup or markdown on the trade. If trades are placed with a firm that imposes a markup or markdown, the client may incur trading cost in addition to the transaction fees or annual asset-based pricing fees imposed by the client's custodian. On an annualized basis, the number of step-outs conducted by Sawtooth approximates less than .1% of total order flow.

Clients may not necessarily choose the custodian with the lowest commission or commission equivalent (such as a mark-up or mark-down) for a specific transaction, but instead may select a custodian that provides specialized services, which justify the payment of higher commissions (or their equivalent) than those customarily paid for transactions requiring routine services.

BLOCK TRADING

Sawtooth will block trades where possible and when advantageous to clients. The blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Sawtooth will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day.

SOFT DOLLAR ARRANGEMENTS

Most clients will choose and enter into a separate contractual relationship with a custodian from a list of recommended custodians for the assets they deposit into Sawtooth's program. Currently, Sawtooth has relationships with multiple custodians that provide brokerage, clearing and custody services to clients in the Program. Some Advisors may limit their clients to a subset of these broker/custodians. Those Advisors may be affiliated with one or more of these brokers/custodians and may require their clients to contract with that broker/custodian. If an Advisor requires a client to utilize the services of an affiliated broker/custodian, the Advisor may benefit.

For our Client accounts maintained with a custodian, the custodians generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into the custodial accounts. Custodians may also make available to our Firm other products and services that benefit Sawtooth but may not directly benefit our Clients' accounts. Many of these products and services may be used to service all or some substantial number of our Client Accounts, including accounts not maintained at that particular custodian.

Custodian's products and services that assist us in managing and administering clients' accounts include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide research, pricing and other market data; facilitate payment of our fees from clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Custodians may also offer other services intended to help us manage and further develop our business enterprise. These services may include: compliance, legal and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers.

TRADE ERROR CORRECTION POLICY

Although Sawtooth takes reasonable steps to avoid errors, occasionally errors do occur. Sawtooth seeks to identify errors and work with the client's Advisor and/or custodian to correct the error affecting any client account as quickly as possible, in order to put the client in the position they would have been in had the error not occurred. Errors may be corrected by either the purchase or sale of a security as originally intended, or in the form of monetary reimbursement to the applicable client account. All losses to a client account resulting from an error will be reimbursed to the client's account immediately after the corrections are made while market gains that result from the correction of such error, if identified prior to settlement, will be moved to the error account of the client's Advisor or Sawtooth. If the error is identified on or after settlement, the gain will be moved to the custodian and contributed to a charity selected by the custodian.

Item 13 - Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

Reviews. While the Model Managers selected within individual Program accounts are monitored on an ongoing basis, these accounts are reviewed quarterly. Accounts are reviewed in the context of the stated manager return and the dispersion of

actual client account returns. More frequent reviews may be triggered by material changes in variables such as the market, political or economic environment. Clients are referred to the Manager Disclosure Documents for information regarding the account review policies of the Model Managers.

Reviewers. Client Program accounts are reviewed by members of Sawtooth's senior management. Clients are referred to the Manager Disclosure Documents for information regarding the individuals who review accounts on behalf of the Model Managers.

Reports. In addition to the monthly statements and confirmations of transactions clients receive from their custodian, Sawtooth will make available quarterly reports summarizing account performance, balances and holdings on our web-based client portal.

Item 14 - Client Referrals and Other Compensation

In the past, Sawtooth entered into a referral arrangement with a third-party whereby the Referrer referred prospective Advisors to Sawtooth, and in return, if the prospective Advisor entered into a Service Agreement with Sawtooth and had clients who participated in the Program, Sawtooth paid the third-party a referral fee based on the value of the Program accounts for clients of the referred Advisor. The referral arrangement was terminated, but Sawtooth continues to make referral payments to the Referrer under the termination terms of the contract for Advisors referred while the referral arrangement was in effect. While the fee may be paid from the Platform Fee, the Platform Fee has not been increased to cover the fee paid to the Referrer and clients are not affected by the fee.

Sawtooth utilizes third-party services and marketing content to attract Advisers and other investment advisory firms to its platform. The third-party marketing provider is not considered a solicitor and client fees are not affected by the fee (be it a per account fee, a fee based on a percentage of the Platform Fee, a flat fee, or any other fee) that Sawtooth pays to the marketing firm.

Sawtooth is aware of the special considerations promulgated pursuant to Rule 206(4)-3 under the Investment Advisors Act of 1940, and any comparable state regulations. Should any person engage in solicitation activities with a client or prospective client, then Sawtooth will conform to the requirements applicable under the applicable rules.

Item 15 - Custody

Sawtooth will not maintain physical possession (custody) of the funds or securities of any managed client account.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. However, under current exemptions, Sawtooth is not required to comply with surprise audit requirements of the Custody Rule. In addition, Sawtooth will provide each client and each custodian a bill showing the amount of the fee and the way in which it was calculated. The custodian sends every client an account statement not less than quarterly showing all account activity, including the amounts disbursed from the account to Sawtooth. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also make available quarterly reports on our web-based portal. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Item 16 - Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account

without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to determine the security to buy or sell and/or determine the amount of the security to buy or sell without contacting the client. Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 - Voting Client Securities

Proxy Voting. Sawtooth will NOT vote or accept authority to vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client accounts.

Class Actions, Bankruptcies & Other Legal Proceedings. Client's should note that Sawtooth will NOT advise or act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Sawtooth to transmit copies of class action notices to the client or to a third-party. Upon such direction, Sawtooth will make commercially reasonable efforts to forward such notices in a timely manner. We do not offer any consulting assistance regarding proxy issues to clients.

Item 18 - Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Sawtooth has not been the subject of a bankruptcy petition at any time during the past ten years.

In light of the COVID-19 coronavirus and historic decline in market values, Sawtooth has elected to participate in the CARES Act's Paycheck Protection Program ("PPP") to strengthen its balance sheet. Sawtooth intends to use this loan predominantly to continue payroll for the firm and may ultimately seek loan forgiveness per the terms of the PPP. Due to this and other measures taken internally, Sawtooth has been able to operate and continue serving its clients.

Privacy Policy and Notice (Effective March 2020)

How We Use and Protect Information

Protecting your privacy is very important to us. We value your trust. We want you to understand what information we collect, how we protect it and how we may use it. We treat Nonpublic Personal Information (“NPI”) with respect and in accordance with this Privacy Policy.

- We do not sell information about you to third parties.
- We do not share your information for marketing purposes.

Information We May Collect

We may obtain NPI to provide you with the services you have requested. We may collect NPI from you, from your transactions with us, and from outside parties. This NPI may include:

- Your name, address, phone number, social security number, birth date, e-mail address, assets and accounts with others.
- Your transactions and experiences with us or with outside companies, such as brokerage and custodial arrangements and your relationship with your Investment Professional.
- Information relating to your employment, income, finances and other personal characteristics.

Information We May Disclose

We may disclose NPI only in certain instances. The service providers and others to whom we disclose NPI are obliged to use it only for the purposes stated.

- Financial Advisors may change brokerage and/or investment advisory firms, and the NPI collected by us and your advisor may be provided to the new firm, so your advisor can continue to service your account(s). If you do not want your financial advisor to provide this information to the new firm, please call 952-831-0039 to opt out of this sharing.

Privacy Policy Notifications

We provide our Privacy Policy at the start of the client relationship. We also send a Privacy Policy notice to current clients each year. If you are no longer a client, we will follow our then current Privacy Policy, but we will not send you further notices.

Change in Privacy Policy

We reserve the right to change our Privacy Policy at any time. If we make material changes, we will provide current clients with a revised notice describing our new policy.

Our Security Procedures

We maintain physical, electronic and procedural protections designed to protect and prevent unauthorized access to NPI. Employees who violate our Privacy Policy are subject to disciplinary action.

Online Policy

In addition to the Privacy Policy outlined above, the following privacy principles apply when you visit us on our web sites or communicate with us electronically.

- **Online Information and Collection:** You can visit our public website without telling us who you are and without revealing anything about yourself, including your e-mail address. However, web servers collect the name of the domain you used to access the Internet. We also collect the web site you came from and measure the number of visits, average time spent and other data about visitors to our web site. We use this data to monitor site performance and to make the site easier and more convenient to use.
- **Cookies:** Cookies are small pieces of data stored on your computer. We use cookies to measure website usage and enhance the performance of our public website. We may use cookies to remember your user name so you do not have to re-enter it each time you

visit one of our private web sites. You can configure your computer's Internet browser to notify you when your computer receives a cookie. You can also prevent your computer from receiving cookies. If you set your browser to not accept cookies, you will limit functionality we can provide you when you visit one of our private websites.

- *Links to other Web Sites:* We are not responsible for the information collected by other web sites if you link to them from our web site. We cannot guarantee how those sites use cookies or whether they place cookies on your computer that may identify you. You should carefully review the privacy policies of each web site you visit to understand how it collects and uses information.
- *Email Communications:* If you provide your email address to us on our public site, we may send you e-mail communications that may be useful to you, including information about our products, services or third parties. You will be given the option to not receive such e-mail messages.
- *Encryption:* We use encryption and authentication tools to protect information we gather on our public and private web sites. However, e-mail communications from other web sites may not be protected. If you are sending us confidential information, you may want to send it by regular mail.
- *Visitors and Registered Users:* As a visitor to our public web site, you may have access to certain features without telling us who you are or revealing any information about yourself. Our public site includes the option to provide your contact information to us. If you provide personal information to us, it will be used to provide communication to you regarding our services. We may require you to become a registered user in order to gain access to and use features of our private web sites. Once you become a registered user, we may collect personal information when you use our web site.

This Privacy Policy replaces all previous notices and statements. This Privacy Policy applies only to Sawtooth Solutions, LLC. This Privacy Policy does not apply to other financial service providers, such as your Investment Professional. Review the privacy policies of those companies to understand how they collect, use and disclose your NPI.