



# CUSTOMER RELATIONSHIP SUMMARY

## Effective March 24, 2023

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

This summary is designed to help you make the decisions on which accounts to utilize. You should also speak with your investment professional for further information. Throughout, and at the end, of this summary there are questions you should discuss with your investment professional. Additional tools are available at [www.investor.gov/CRS](http://www.investor.gov/CRS).

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

Not all investment professionals associated with American Portfolios are licensed to offer both services to you.

### WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

#### Broker/Dealer Services for Brokerage Accounts

APFS is a broker/dealer and a member of the Financial Industry Regulatory Authority (FINRA), as well as registered with the Securities and Exchange Commission (SEC). APFS has a duty to act in the best interest of its clients.

#### APFS Brokerage Services:

- APFS brokerage services include providing investment recommendations made in your best interest based on your investment objectives, risk tolerance and time horizon.
- You will be responsible for making the investment decisions; you may select investments, or your financial professional may recommend an investment for your account. The ultimate decision regarding the purchase or sale of investments is yours.
- You are responsible to monitor your brokerage account and the performance of its investments.
- Account statements will be delivered by the custodian of your account or accounts, either monthly (if there is account activity) or at least quarterly. You can choose between paper or electronic delivery. Should you choose paper delivery, a charge may be incurred.
- Other firms may offer different services or products that may cost more or less than APFS.
- APFS does not require an account minimum.
- APFS allows clients to borrow against their securities held at Pershing through margin and securities loans.

#### Investment Advisory Services for Advisory Accounts

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

#### APA Advisory Services:

- APA offers various investment advisory programs and services that include both discretionary and non-discretionary options. A discretionary account permits your Investment Advisor Representative (IAR) or selected investment manager to enter transactions in your account without first having to ask you; a non-discretionary account is where your IAR provides advice, and you decide what investments to select.
- APA offers different managed account programs in which the IAR will work with the client to identify the program(s) or manager(s) that will best meet the investment needs of the client. Investment advice is offered on a regular basis. Your APA IAR regularly monitors your account and offers you a review of your portfolio at least annually.
- APA offers point-in-time advisory services to include financial plans or consultations. The advisory service ends once the information is provided to the client; neither APA nor the IAR will monitor this information going forward.
- Other firms may offer different services or products that may cost more or less than APA.
- For additional information concerning the advisory services offered by APA, please contact your IAR, refer to your client agreement or view the Form ADV Part 2A Disclosure Brochure at the bottom right of [www.americanportfolios.com](http://www.americanportfolios.com).

#### CONVERSATION STARTERS...

- **Given my financial situation, should I choose an investment advisory service, a brokerage service or both? 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?

Additional information and disclosures concerning fees can be obtained at [www.americanportfolios.com](http://www.americanportfolios.com) within the Disclosure Notices section. Note: 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.

### APFS Services Fees (Brokerage)

- Brokerage services include providing investment recommendations made in your best interest based on investment objectives, risk tolerance and time horizon.
- You will pay a transaction fee (commission, load or markup-markdown) whenever you buy or sell an investment in your APFS brokerage account. This fee is in addition to or included in the price of your transaction. You will pay more in fees when there are more trades in your account; therefore, APFS has an incentive to encourage you to trade often.
- Some transactions will also incur custodian charges at the time of the transaction (ticket charges), mutual fund surcharges and holding fees to hold the security. APFS shares or marks up some of these fees with the custodian.
- Mutual funds typically offer multiple share classes that have different fees and expenses and compensate brokers in different ways. Applicable sales charges and fees are described in the prospectus or other offering documents. APFS may also receive other fees and compensation, such as “trail payments” called 12b-1 fees.
- Mutual fund companies may also impose a redemption fee if shares are held for a certain timeframe, as disclosed in the fund’s prospectus.
- Custodial fees will be charged on certain services or account types. View more details in the APFS Accountholder Fee Schedule, found under Disclosure Notices at [www.americanportfolios.com](http://www.americanportfolios.com). APFS also has a contract with Pershing which pays APFS and APA an incentive to place assets with Pershing.
- Variable annuities may have fees called “surrender charges” when selling the investment within a certain period of time.
- You may be charged additional fees, such as custodian fees, account maintenance or inactivity fees.
- Fees can vary and are negotiable (i.e., how much you buy or sell and what kind of account you have will affect fees).
- The above-listed charges or fees may present a conflict of interest as they are the source, in part or in whole, of your financial professional’s and APFS’s compensation.
- The more transactions occur in your account or accounts, the more fees or commissions will be generated, which presents a potential incentive to encourage more transactions.
- Certain products such as VAs, MFs, Bank Sweep, ETF’s, 529s and UITs contain internal expenses that, while not paid by you directly, will lower the performance of your investment. Details will be in your prospectus or disclosure document.
- You will be charged a fee on money borrowed through Margin and Securities Lending.

### APA Fees (Advisory)

- When you establish a managed advisory account, you will pay an ongoing fee for services provided, based on a percent of assets under management. The fee for this service is negotiable.
- Depending on the program and services selected, the advisory fee can be charged on either a flat, blended or tiered rate.
- The greater the amount of assets you have in a fee-based account, the greater the amount of fees you will pay. This creates an incentive for the IAR to encourage you to increase the size of your account.
- If you select a program that offers third-party or Nine Points Investment Management (NPIM) manager services, you will be charged an additional advisory fee for this service. NPIM is the investment management team within APA.
- Depending on the advisory account and services you select, you may be subject to the transaction costs associated with the purchase and sale of securities. In addition, certain mutual no-load fund trades will be charged a \$10 fee.
- IARs may offer financial plans or consultations where a client is charged either a fixed and/or hourly charge or a flat fee. The fee for these services are negotiable.
- Other firms could offer a wider range of choices and costs could vary.
- For additional information concerning the APA advisory fees, please refer to your client agreement or view the Form ADV Part 2A Disclosure Brochure at the bottom right of [www.americanportfolios.com](http://www.americanportfolios.com).
- Certain products such as mutual funds, Cash Sweep Program, ETFs and UITs contain internal expenses that, while not paid by you directly, will lower the performance of your investment. Details will be in your prospectus or disclosure document.
- APFS also has a contract with Pershing which pays APFS and APA an incentive to place assets with Pershing, as well as disincentives in the form of charges to APFS and APA if the contract were to be terminated before the end of the contract term. APFS has a financial incentive and conflict of interest to recommend and use Pershing for brokerage and custodial services.

### 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 PROVIDING RECOMMENDATIONS AS MY BROKER/DEALER OR WHEN ACTING AS MY INVESTMENT ADVISOR? HOW ELSE DOES YOUR COMPANY MAKE MONEY? AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?

## ***Standard of Conduct and Conflicts of Interest***

*When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask about us about these conflicts because they can affect the recommendations and investment advice we provide you.*

- **American Portfolios Advisors, Inc. (APA)** is compensated in various ways by the managers or sponsors of certain recommended investment platforms and investments, such as mutual funds, annuities and alternative investments. Further details can be found via Revenue Sharing under Disclosure Notices at [www.americanportfolios.com](http://www.americanportfolios.com). APA does not receive any such compensation based on ERISA holdings. This creates an incentive for APA to recommend these products over other products.
- **Sweep Program:** By participating in American Portfolios' Sweep Program, free credit balanced in your account at our Pershing firm will be transferred into an account at a bank whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"), or, for certain accounts, a money market mutual fund. Under the Sweep Program, American Portfolios maintains two FDIC-insured programs—the Bank Deposit Sweep Program ("BDSP") and the Uninsured Cash Account Program ("ICAP")—which create financial benefits for American Portfolios. For certain program account types, free credit balances are swept to a money market mutual fund product ("Money Market Mutual Fund Program"), which does not create financial benefits for American Portfolios. The income we earn from programs based on your balances in BDSP will, in almost all circumstances, be substantially greater than the amount of interest you earn from the same balances. As such, we receive a substantially higher percentage of the interest generated by deposit balances in the BDSP than the interest credited to your accounts. For additional information on the Sweep Program, as well as any conflicts of interest associated with the Sweep Program, please refer to the Cash Sweep Program Disclosure and the Form ADV Part 2A Disclosure Brochure, both of which are located at the bottom of [www.americanportfolios.com](http://www.americanportfolios.com). You will have the alternative of investing in money market mutual funds, treasury securities and similar products instead of maintaining a cash-significant balance in your account in the Sweep Program.
- **Nine Points Investment Management (NPIM)** is an investment team that is employed by APA and provides model portfolios in APA advisory programs. The management fee is charged by APA and clients that select NPIM as their manager is retained in its entirety by APA. This creates a conflict of interest in that APA earns more fees when NPIM is selected over other managers.

### **CONVERSATION STARTER...**

- **How might your conflicts of interest affect me and how will you address them?**

## **HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

AP investment professionals are independent contractors that will service your brokerage account as a registered representative (RR) or your advisory account/service(s) as an IAR. These individuals are paid based on the agreement between them and APFS/APA that will outline the portion of the fees paid by you that they will receive.

When acting as a RR for your brokerage account, they will receive a portion of the commissions, loads and markups/markdowns charged for your transactions. They receive different levels of pay based on the products they sell and, although they must recommend investment products or manage your account in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products.

When acting as an IAR for your advisory account or services, your IAR will receive all or a portion of the ongoing advisory fee or a portion of the one-time flat service fee or hourly rate. Although your IAR must recommend advisory services or products and manage your account in your best interest, there is incentive for them to have you increase your assets held in your advisory accounts to increase their portion of the fee.

In addition to a portion of the fees earned for brokerage and advisory services, RRs and IARs may receive compensation from AP in other ways, including receiving various levels of compensation for selling different types of investments or services. This could include, for example, a share of the 12b-1 fees paid to AP by a mutual fund. They may also receive transition assistance when they move to AP from another firm, which could be in the form of a forgivable loan. They may also receive reduced or waived service fees. This additional compensation creates a conflict of interest in that the RR/IAR has a financial incentive to sell or recommend certain products or remain associated with AP.

Each RR/IAR has a supervisory manager that is responsible to review and approve new accounts and/or transactions within your account. Some of these supervisory managers also receive a portion of the fees earned by the RR/IAR. This structure creates a conflict of interest in that the supervisor receives increased compensation based on the fees generated by the RR/IAR that they are responsible to review and approve. All registered representatives, IARs, supervisory managers and employees of AP are required to act in your best interest and not put their interest ahead of yours.

## DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE A LEGAL OR DISCIPLINARY HISTORY?

Yes. Both APFS and some of its financial professionals have had legal or disciplinary history. For more details, complete transparency, and to ascertain any legal or disciplinary events, visit [investor.gov/CRS](https://investor.gov/CRS) for a free search tool to research the firm and/or associated financial professionals.

### CONVERSATION STARTER...

- As a financial professional, do you have any disciplinary history? If so, for what type of conduct?

## ADDITIONAL INFORMATION

- For additional information on the services offered by APFS and APA, visit the firm's website at [www.americanportfolios.com](https://www.americanportfolios.com).
- Additional information on your financial professional can be found at [brokercheck.finra.org](https://brokercheck.finra.org) and [www.adviserinfo.sec.gov](https://www.adviserinfo.sec.gov).
- Should you have any concerns regarding your investments or your account, you may contact the SEC at 800.732.0330 or FINRA at 301.590.6500.
- Inquiries directed to American Portfolios can be made by calling the headquarters at 631.439.4600; a receptionist will direct your call.
- You may also send a letter to the firm at:  
American Portfolios  
ATTN: Compliance Department  
4250 Veterans Memorial Hwy., Suite 420E  
Holbrook, NY 11741

### CONVERSATION STARTERS...

- Who is my primary contact person?
- Are they a representative of a registered investment advisor (RIA) or a broker/dealer?
- Who can I talk to if I have concerns about how this person is treating me?

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**Contact Us:**  
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