

## Form ADV Part 3: Relationship Summary



### Introduction

AE Wealth Management, LLC ("AEWM" or "we" or "our") is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). We offer our clients investment advisory services. Clients should understand that the services we provide and the 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 professionals 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 ("IAR(s)") are solely responsible for all investment decisions and the management of your account(s). In doing so, they may utilize internally managed strategies and/or third-party, non-affiliated model or investment 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 them. We will continuously monitor your account when providing asset management services and contact you at least annually to discuss your portfolio. We typically provide asset management services through a wrap fee program. However, if we serve as a sub-adviser to your primary investment adviser, your primary adviser may direct us to provide service on a non-wrap fee basis. Asset management services are provided on a discretionary basis, meaning we or the model manager(s) will have the authority to determine the type, number, and purchase value 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 is not needed. Please see **Item 4** of our **Form ADV Part 2A** for more information about Asset Management and Financial Planning services, available at: <https://adviserinfo.sec.gov/>.

**Limited Investment Offerings:** We do not primarily recommend one type of security to clients. Instead, we recommend investment portfolios designed to be appropriate 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 that are available on your custodian's platform. When providing you services, your IAR can offer you AEWM-managed investments, which are often termed proprietary products.

**Account & Fee Minimums:** Our guidelines typically require a minimum of \$10,000 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 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 assets in your account. We typically provide asset management services through a wrap fee program. Under a wrap fee program, the fee you pay us covers both our advisory services and the transaction fees imposed by the broker-dealer. If we serve as a sub-adviser to your primary investment adviser, your primary adviser may direct us to provide service on a non-wrap fee basis. In a non-wrap fee situation, you will be charged transaction costs separately. Since a wrap fee covers transaction expenses, it tends to be higher than that of non-wrap fee programs. You will also be charged custodial fees and expenses by the funds we invest in within your account. (2) Depending on the respective IAR providing the service, Financial Planning and Consulting services can be provided under an hourly or fixed-fee arrangement. 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 pay, please see **Item 5 of Form ADV Part 2A** and **Item 4** of our **Form ADV Part 2A: Appendix 1** available at: <https://adviserinfo.sec.gov/>.

**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 interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests that 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 Charles Schwab or Fidelity to maintain custody of your assets and to affect trades for your account. The choice to use Charles Schwab and Fidelity is not based solely on your interest in receiving the best execution possible. We also use 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. We also have a Strategic Sponsors program in which AEWM receives a portion of the fees collected by some third-party managers on our platform. Both are a conflict of interest because they create 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. Your IAR does not receive compensation through this program.

**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** and **Item 4 and Item 9** of our **Form ADV Part 2A: Appendix I** available at: <https://adviserinfo.sec.gov/>.

**How do your Financial Professionals make money?**

**Description of Compensation/Payment of IARs:** We compensate our IARs based on the level of assets that the IAR brings to our platform. This creates a conflict of interest as it gives your adviser an incentive to recommend you invest more in your account with us due to the potential for increased compensation. Some of our IARs also serve as licensed insurance agents and receive commissions, incentives, bonuses, and other economic incentives for selling insurance products. The receipt of such compensation creates a conflict of interest. Some of our IARs 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 IARs 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 and Appendix I disclosure brochures and this relationship summary are available on the Internet at [aewealthmanagement.com](http://aewealthmanagement.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?*



### **Strategic Sponsor Revenue Share Disclosure**

AEWM receives compensation, known as “revenue sharing,” from certain third-party product providers or sponsors (“Strategic Sponsors”) for providing marketing support services related to the Sponsor’s product(s). Our Strategic Sponsors include various investment-related companies that provide products available on AEWM’s platform, including mutual funds, exchange-traded funds, and model portfolios. AEWM’s marketing support may include providing Sponsors access to certain information about our business and the opportunity to have more frequent interactions with our IARs through training, marketing support, and educational presentations for the purpose of relationship building and increasing familiarity with their product. In addition to our Strategic Sponsors, there are product sponsors that do not have a revenue-sharing arrangement with AEWM but nevertheless receive similar marketing support treatment.

These revenue-sharing payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets invested in the product, or as a percentage of the management fee on the assets invested in the product. The marketing support agreement with each Sponsor will indicate the payment terms details. The revenue received from Sponsors helps AEWM fund the cost of conducting due diligence on product providers, hosting seminars or educational events, providing services to advisers, maintaining accounts, and offering an investment platform for our clients. Strategic Sponsors pay AEWM out of their assets, revenues, or earnings so there is no additional charge to you.

We want you to understand that AEWM’s receipt of revenue-sharing payments on assets within specific investment advisory programs or products creates an inherent conflict of interest for AEWM. These revenue-sharing payments incentivize AEWM to favor products from Sponsors that pay revenue-sharing over other products. Additionally, your Investment Adviser Representative (“IAR”) receives an indirect benefit due to AEWM’s receipt of these payments, through the IAR’s invitation to, and/or attendance at, sponsored conferences or seminars and additional education from the Sponsors, as mentioned above. The marketing and educational activities paid for by the Sponsor could lead the IAR to focus more on the Sponsor’s products. However, no revenue-sharing payments are made to the IAR who recommends these products to you. Therefore, your IAR has no direct financial incentive to recommend a Strategic Sponsor’s product to you. Additionally, your IAR is required by regulation and AEWM policy to make recommendations solely in your best interest. Regardless, product recommendations to any customer are reviewed and approved by internal supervisors who do not have a financial incentive to favor any product or Sponsor and who are also required to act solely in your best interest.

For additional information on a particular Strategic Sponsor, please review the Sponsor’s Statement of Additional Information or ADV 2A Firm Brochure.

A full list of our Strategic Sponsors may be found at [www.aewealthmanagement.com](http://www.aewealthmanagement.com).



### **Strategic Sponsors Revenue Share List**

AEWM may receive compensation for more than one product with any given Sponsor. This is dependent on the final agreement between AEWM and each Sponsor. The illustration below is a list of our Strategic Sponsors with whom we share a revenue share agreement. It is arranged from highest to lowest revenue received by AEWM and is based on an example \$10,000 investment with the Sponsor.

### **Current Strategic Sponsors**

TrueMark Investments, LLC

Allianz Investment Management, LLC

Innovator Capital Management, LLC

First Trust Advisors, L.P.

Simplify Asset Management, Inc

Pacific Investment Management Company, LLC (PIMCO)

BlackRock Fund Advisors



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**Form ADV Part  
2A Firm  
Brochure**

Date of Brochure:  
March 31<sup>st</sup>, 2025

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This brochure provides information about the qualifications and business practices of AE Wealth Management, LLC (also referred to as we, us, and "AEWM" throughout this brochure). 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](mailto: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 SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

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## ***Item 2 – Material Changes***

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This section discusses material changes that have been made to this Brochure since the annual amendment. Throughout the brochure, all the various named entities, advisers, and managers have been shortened to acronyms in an attempt to make the document easier to read. The last amendment was on March 29<sup>th</sup>, 2024, and since that time, the following material changes have been made:

### **Item 4 - Advisory Business**

- Added language describing the new internal Investment Consulting Group (“ICG”) team, which will aid investment adviser representatives in fine-tuning their model portfolios.
- Added language describing the new internal AE Investments Program (“AEI”), which includes information about separate account management and model portfolio subscriptions for use by other firms.

### **Item 5 – Fees and Compensation**

- Added language describing the ICG and AEI program fees.

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

- Additional “risk of loss” types were added, as applicable.

### **Item 14 – Client Referrals and Other Compensation**

- Added and/or amended language regarding potential conflicts related to employee and/or investment advisor attendance at sponsored events.
- Edited language throughout to be more precise and to add clarity.

### **Item 15 – Custody**

- Updated our disclosure on custody to be more precise and to add clarity.

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### *Item 3 – Table of Contents*

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<b>Item 2 – Material Changes .....</b>	<b>2</b>
<b>Item 3 – Table of Contents .....</b>	<b>3</b>
<b>Item 4 – Advisory Business .....</b>	<b>5</b>
General Description of Our Firm .....	5
Description of Advisory Services .....	5
Model Portfolio Solutions .....	5
Direct Asset Management Services .....	6
Financial Planning & Consulting Services .....	6
ERISA Retirement Plan Services .....	7
Self-Directed Brokerage Accounts .....	7
Disclosure Regarding Rollover Recommendations .....	8
Third-Party Adviser Program .....	8
Investment Consulting Group .....	9
AE Investments Program .....	10
Models for Use by Other Investment Advisers .....	10
Separate Account Management Program (“SAMP” or “Program”) .....	10
Tailor Advisory Services to the Individual Needs of Clients .....	10
Participation in Wrap Fee Programs .....	11
Client Assets Managed by AE Wealth Management .....	11
<b>Item 5 – Fees and Compensation .....</b>	<b>11</b>
Model Portfolio Solutions and Direct Asset Management Services Fees .....	11
Treatment of Mutual Fund Share Classes .....	13
Treatment of No Transaction Fee Securities .....	14
Financial Planning & Consulting Services .....	14
ERISA Retirement Plan Service Fees .....	15
Client-Directed Accounts .....	16
Compensation for Sale of Securities .....	17
Third-Party Registered Investment Adviser Fees and Compensation .....	17
Investment Consulting Group Fees .....	17
AE Investments Program Fees .....	17
Models for Use by Other Investment Advisers .....	17
Separate Account Management Program .....	17
<b>Item 6 – Performance-Based Fees and Side-By-Side Management .....</b>	<b>17</b>
<b>Item 7 – Types of Clients .....</b>	<b>18</b>
Minimum Investment Amounts Required .....	18
<b>Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss .....</b>	<b>18</b>
Methods of Analysis .....	18
Investment Strategies .....	19
Model Manager Selection .....	21
Risk of Loss .....	21
<b>Item 9 – Disciplinary Information .....</b>	<b>26</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations .....</b>	<b>26</b>
Registration of Management Persons with a Broker-Dealer .....	26
Related Broker-Dealers .....	26
Registered Representative of a Broker-Dealer .....	27
Related Investment Advisers .....	27
Related Insurance Marketing Organizations .....	27
Insurance Agents .....	28
Certified Public Accountants .....	28
<b>Item 11 – Code of Ethics, Participation in Client Transactions, and Personal Trading .....</b>	<b>28</b>

Code of Ethics Summary .....	28
Affiliate and Employee Personal Securities Transactions Disclosure .....	29
<b>Item 12 – Brokerage Practices .....</b>	<b>29</b>
Brokerage Recommendations .....	29
Charles Schwab .....	30
Fidelity Institutional Wealth Services.....	31
Directed Brokerage.....	31
Training Assistance Received from Service Providers.....	32
Soft Dollar Benefits.....	32
Block Trading Policy .....	32
<b>Item 13 – Review of Accounts .....</b>	<b>32</b>
Account Reviews and Reviewers .....	32
Statements and Reports.....	32
<b>Item 14 – Client Referrals and Other Compensation.....</b>	<b>33</b>
Promoter Arrangements .....	33
Other Compensation .....	33
Strategic Sponsors Program .....	34
<b>Item 15 – Custody.....</b>	<b>35</b>
<b>Item 16 – Investment Discretion.....</b>	<b>35</b>
<b>Item 17 – Voting Client Securities .....</b>	<b>35</b>
<b>Item 18 – Financial Information .....</b>	<b>35</b>

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## ***Item 4 – Advisory Business***

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### **General Description of Our Firm**

AE Wealth Management, LLC (“AEWM”) is an investment adviser registered (“RIA”) with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company formed under the laws of the State of Kansas. AEWM filed its initial application to become registered as an investment adviser on February 17, 2016. The principal owners of AEWM 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 disclosed in this brochure are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative (“IAR”). Typically, your IAR is not an employee of AEWM; rather, they are typically an independent contractor of AEWM. Your IAR is limited to providing services and charging investment advisory fees in accordance with the descriptions detailed in this brochure and in our policies and procedures. Your IAR is generally allowed to set AEWM’s investment management fees within the range prescribed by AEWM. As a result, the rates actually charged by two different AEWM IARs may vary for similar services.

AEWM 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 investment advisory services 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.

### **Model Portfolio Solutions**

AEWM offers model portfolio selection services, which allows us to exercise discretion to implement a specialized investment strategy that is managed either by AEWM, a third-party portfolio provider (individually, a “Strategist” and collectively “Strategists”), or a third-party investment manager (individually, a “Third-Party Manager” and collectively “Third-Party Managers”). Additionally, IARs that meet certain requirements are allowed to develop their own model portfolios (individually, an “Advisor Managed Model” and collectively “Advisor Managed Models”). These models are approved by the AEWM Chief Investment Officer prior to being made available to clients and are reviewed upon request for update. An IAR will assist you in completing a client profile questionnaire and will review the information you provide. They will then select the model portfolio(s) that aligns with your disclosed financial circumstances, risk tolerance, and investment objectives. AEWM will exercise its 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). In some instances, we will recommend a Third-Party Manager that exercises discretionary authority for the day-to-day management of the assets allocated to it by AEWM or by you in a separately managed account. The Third-Party Manager will directly trade the securities it selects for the account based on the applicable investment strategy.

We will be available to answer questions regarding your account. We will be able to select the model portfolio(s) and reallocate funds from or to the model portfolio(s) and funds in other accounts over which you have granted us discretionary authority. There are other model portfolios not recommended by our firm that could be appropriate for you and are less costly than those recommended by our firm. There are no guarantees that your financial goals or objectives will be achieved through the Model Portfolio Solutions program or by a recommended/selected model portfolio. Further, no performance guarantee can ever be offered by our firm. Please refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more details.

## Direct Asset Management Services

When direct asset management services are utilized, AEWM, in coordination with your IAR, will individually select the securities held in your account on a discretionary basis. As part of this service, we can buy or sell securities on your behalf without your prior permission for each transaction. Nevertheless, you will be able to impose restrictions on the management of your account, including the ability to instruct us not to purchase or sell certain securities.

We will need to obtain certain information from you regarding your financial situation, investment objectives, and risk tolerance so that we may manage your account according to those factors. As part of this process, an IAR will assist you in completing a client profile questionnaire and will review the information you provide. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, and/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 AEWM is unique. As a result, advice to another client or actions taken for them or for our personal accounts can differ from the advice we provide to you or the actions we take 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 can 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, we may not lawfully use or disclose this information. We will also not allow our clients to use this information.

## Financial Planning & Consulting Services

AEWM 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 of 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 (individually, a “CPA” and collectively “CPAs”). When providing financial planning and consulting services, the role of your IAR is to find ways to help you understand your overall financial situation and help you set financial objectives. Your IAR will rely on the information you provided. Therefore, issues and information not provided will not be considered when your IAR develops his or her analysis and recommendations into a written financial plan.

We also offer consultations for financial planning issues for situations in which you do not need a written financial plan. We offer a consultation covering 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 requested by you. Under an “as-needed” consultation, it will be incumbent upon you to identify the specific issues you are seeking our advice or consultation.

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 are solely responsible for determining whether to implement our financial planning and consulting recommendations. If you would like to implement any of our investment recommendations through AEWM or retain us to actively monitor and manage your investments, you must execute a separate, written investment advisory services agreement with AEWM.

## ERISA Retirement Plan Services

The Employee Retirement Income Security Act of 1974 ("ERISA") is the law governing the operation of employee benefit plans. AEWB provides investment advisory and consulting services to Plan Sponsors of ERISA plans under Sections 3(21) and 3(38) of ERISA ("3(21) Service" and "3(38) Service," respectively, collectively the "Services"). When providing services to a Plan Sponsor, the Plan Sponsor is the client. We provide services only to the Plan Sponsor or to the Plan Sponsor with respect to the Plan Sponsor's responsibilities to the Plan and not, as part of these services, to any Plan Participant(s). Services provided to Plan Sponsors will be outlined in a separate written agreement between AEWB and the Plan Sponsor.

AEWB acknowledges that, to the extent the services to a Plan subject to ERISA constitute "investment advice" to the Plan for compensation, AEWB will be deemed a "fiduciary" as such term is defined under Section 3(21)(A)(ii). AEWB provides ongoing investment monitoring and investment recommendation services or other agreed-upon services in the agreement with the Plan Sponsor. Accordingly, we acknowledge our fiduciary status only with respect to the provision of services described in the agreement. Under the 3(21) Service, AEWB does not have investment discretion and does not have the power to manage, acquire, or dispose of any plan assets and is not an "investment manager" as defined in Section 3(38) of ERISA. Additionally, the Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations of AEWB under this Service.

Under the 3(38) Service, the AEWB Investment Department selects a diverse line-up of investment options across a range of asset classes to be offered to Plan Participants in accordance with Section 3(38) of ERISA. The AEWB Investment Department provides asset allocation risk-based model portfolios for the Plan. The AEWB Investment Department will manage the model portfolio development, construction, and maintenance and make updates as needed. Under the 3(38) Service, AEWB's IARs may provide general enrollment and investment education to Plan Participants but do not provide specific individualized investment advice within the meaning of ERISA to Plan Participants with respect to their Plan assets. Additionally, AEWB offers the 3(38) Service to Plan Sponsors as a standalone service.

In accordance with Section 3(38) of ERISA, AEWB has the discretion to choose a "Qualified Default Investment Alternative" ("QDIA"). A QDIA is a default investment option chosen by a plan fiduciary for Plan Participants who fail to make an election regarding investment of their account balances. Unless unavailable at the recordkeeper, AEWB will utilize target-date asset allocation investment options for the 3(38) Services QDIA. Under the 3(21) Services, AEWB may recommend, but does not choose, a QDIA to the Plan Sponsor.

Under either Service, AEWB may assist the Plan Sponsor with Plan Participant enrollment and Plan education. If the services selected by the Plan Sponsor include enrollment and investment education to Plan Participants, the services do not include any individualized investment advice within the meaning of ERISA to Plan Participants with respect to their Plan assets. AEWB does not select the recordkeeper but recommends the funds or investment vehicles offered by, or available through, the recordkeeper selected by the Plan Sponsor. The Sponsor-chosen recordkeeper may require that their proprietary funds be used for certain asset categories. It may limit the fund choices for plans of certain sizes. It may also not credit the plan for certain fees it receives from third parties. If you have questions, please contact your Plan Sponsor and/or the Plan Recordkeeper. Additionally, as it pertains to these Services, AEWB does not offer qualified tax or legal advice. AEWB does not hold itself out as a tax advisor and does not provide such services. Therefore, AEWB recommends consulting with a tax advisor for tax-related questions.

## Self-Directed Brokerage Accounts

Your employer may offer you the opportunity to participate in a "Self-Directed Brokerage Account" ("SDBA") as part of your employer-sponsored retirement plan. This SDBA would be an account separate from your plan account as it originated under the employer-sponsored plan. The term "self-directed" usually indicates that you, as a Participant, make the investment decisions for the account. Often these SDBAs allow you to access mutual funds and other investment options beyond the standard investment options offered through your employer-sponsored retirement plan, so long as the investments are within the guidelines of the employer/Sponsor. This type of account requires a more "hands-on approach"

because it is the responsibility of the Participant to actively manage this portion of the portfolio. However, the Participant also has the authority to designate an agent/IAR to have limited trading authority over the assets in the Account. An agent's trading authority is also limited to the guidelines set by the employer who sponsors the plan. As with any investment, there are risks related to directing your own brokerage account. Please pay careful attention to any disclosures you receive or agreements you enter with respect to your responsibilities and risks in managing your SDBA. For these Accounts, AEWM conducts supervisory reviews and oversight of your IAR's recommendations, only. Please also be advised that your employer and/or Plan Sponsor may charge you additional fees and/or transaction charges to participate in this program. If you have questions regarding the fees you will be charged, please contact your employer or your Plan Sponsor.

### **Disclosure Regarding Rollover Recommendations**

When a client or prospect leaves an employer, they typically have options regarding their existing retirement plan: (i) leave the money in the former employer's plan, if permitted; (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted; (iii) rollover to a brokerage (self-directed) Individual Retirement Account ("IRA"); (iv) roll over the assets to an advisory IRA; or (v) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Clients contemplating rolling over retirement funds to an IRA for AEWM to manage are encouraged to first speak with their CPA or tax attorney.

There is a financial incentive for your IAR to recommend that you roll over your assets into one or more accounts on our platform because the enrollment will generate additional compensation for your IAR based on the increase in your IAR's total assets under management. We address these financial compensation conflicts by including the disclosure of the conflicts in this brochure and by requiring your IAR to recommend investment advisory programs, investment securities, and services that are in the best interest of each client based upon the client's investment objectives, risk tolerance, financial situation, and cost, among other factors. As fiduciaries of the Investment Advisers Act of 1940, we must act in your best interest and not put our interest ahead of yours. At the same time, the way AEWM makes money creates some conflicts with your interests. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an account managed by us.

### **Third-Party Adviser Program**

AEWM also provides services to other registered investment advisory firms (each, a "Third-Party Registered Investment Adviser" or "TPRIA") as a sub-adviser pursuant to a written agreement under our Third-Party Registered Investment Adviser Program ("TPRIA Program"). TPRIA Program accounts are not managed by AEWM.

AEWM does not provide oversight or supervision of the TPRIA and the TPRIA is solely responsible for complying with all federal and state rules and regulations. If you are an investment advisory client of a TPRIA ("TPRIA Program Client") based on a written investment advisory services agreement between you and your TPRIA, you will typically complete a form or otherwise provide information to your TPRIA to enable your IAR to identify your financial situation, risk tolerance, and investment objectives. You will typically provide information to your TPRIA regarding your investment experience, anticipated need for liquidity, potential timing of the need for retirement funds, and other investment needs and parameters. This information will assist you and your TPRIA in selecting which risk and/or return strategy or strategies is/are most closely aligned with your investment goals. For example, you and your TPRIA may choose to invest in one or more model portfolios or other investment products managed by your TPRIA, AEWM, or other Third-Party Managers or Strategists. As part of the TPRIA Program, AEWM provides related administrative services including, but not limited to, account opening, fund transfers, and securities trading as directed by the TPRIA; access to services that facilitate the management and administration of model portfolios offered by a Third-Party Manager; access to various financial planning, account monitoring, and reporting tools; and conducting client billing/fee deduction on the TPRIA's behalf.

Your TPRIA remains responsible for providing advice, monitoring your selected strategy, and recommending any changes to you throughout the duration of your relationship. AEWM's responsibility is to implement the strategy chosen by you and your TPRIA. AEWM does not advise you about potential changes to your strategy.

In these cases, AEWM does not make investment decisions on behalf of these accounts but may provide a portfolio or strategy that your TPRIA may use to invest your accounts. Your TPRIA is solely responsible for their investment advisory relationship with you in accordance with your investment advisory services agreement and your TPRIA's disclosure documents. Your TPRIA is responsible for ensuring that it complies with all applicable statutes, regulations, and rules. Furthermore, your TPRIA is solely responsible for assessing whether any instructions provided to AEWM regarding the selection of a model portfolio or strategy administered by or through AEWM, the purchase of a security, or the sale of a security meet the appropriate standards. In our role as a sub-adviser, AEWM will not provide you individualized investment advice or recommendations or review any advice or recommendation made to you by your TPRIA. AEWM does not review your financial situation, risk tolerance, or investment objective information when implementing a strategy your TPRIA has selected.

Your TPRIA may provide additional or other services to you which are not described in this brochure. You should read and review your TPRIA's investment advisory services agreement and your TPRIA's ADV Part 2A Brochure(s) for information regarding services provided by your TPRIA.

Products available to TPRIAs through AEWM require discretionary authority to trade securities, cash, or other investment vehicles. These products include, and are not limited to, model portfolios managed by AEWM or by a Third-Party Manager or Strategist and administered by AEWM. If you are a client of a TPRIA and you have instructed your TPRIA to invest in one of these products, your TPRIA must have discretionary authority to conduct these transactions. In addition, your TPRIA must have discretionary authority sufficient to carry out transactions required to administer your account in accordance with your agreement with the TPRIA. These transactions include, but are not limited to, fee billing, trade correction, and other general account maintenance. Your TPRIA must delegate this authority to AEWM so that we can administer your account per our agreement with your TPRIA. Otherwise, we will execute trades on your account only upon instructions provided by your TPRIA.

From time to time, the Third-Party Manager or Strategist of a model portfolio may add, remove, or change the composition and relative allocation of the individual securities or other investment vehicles within a model portfolio to maintain consistency with the stated discipline or strategy for the model portfolio (a "Rebalancing Event"). Rebalancing Events generally require the trading of such securities or other investment vehicles for all accounts invested in the model portfolio and do not constitute individual investment advice or a recommendation to you. AEWM will utilize discretion, as described above, to administer a Rebalancing Event.

### **Investment Consulting Group**

The AEWM Investment Consulting Group ("ICG") provides consulting services to our IARs and TPRIAs pursuant to an investment consulting services agreement. The agreement details the various services ICG provides, but the main services are (1) Reporting and Analytics, and (2) Portfolio Construction Recommendations. Reporting and Analytics involves ICG providing regular reporting and commentary on model performance and holdings. Portfolio Construction Recommendations involve ICG consulting on asset allocation and investment decisions that the IAR/TPRIA may or may not choose to implement in their Advisor Managed Models. ICG can also assist the IAR/TPRIA in creating new, customized models with specific parameters in mind.

The ICG arrangement is a separate, standalone feature that IARs/TPRIAs can utilize if desired. ICG does not provide individualized advice to clients or make specific recommendations on investments for or in client accounts. The IAR/TPRIA is ultimately responsible for implementing any recommendations from ICG on model construction. There exists the potential for a newly created model, as well as those existing models reviewed by the ICG, to include a product issued by one of our Strategic Sponsors, which is an inherent conflict of interest. For more information about our Strategic Sponsors program, please see *Item 14 – Client Referrals and Other Compensation*. Regardless of the consulting arrangement, your IAR is still required to provide advisory services to you that are in your best interest. All investment decisions made by your IAR as it relates to this program will still be subject to the same supervisory and compliance processes as any other investment and/or recommendation made to you on the AEWM platform. For clients of TPRIAs, please see the section

detailing their responsibilities in the section titled “Third-Party Adviser Program” located in *Item 4 – Advisory Business* and your designated TPRIA’s ADV brochure(s). AEWM charges the IAR/TPRIA for this service. For more information, please refer to *Item 5 – Fees and Compensation*.

### **AE Investments Program**

The AE Investments Program is a program in which AEWM provides unaffiliated RIAs and/or unaffiliated IARs (1) model portfolio signals and/or (2) discretionary third-party investment management services. Please see more details about these services below.

#### **Models for Use by Other Investment Advisers**

AEWM designs, constructs, and maintains model portfolios distributed to registered investment advisers (“Subscribers”) through various model marketplace platforms (“MMPs”), pursuant to a model provider licensing agreement. The Subscriber then grants their IARs access to our models. AEWM also makes models created and maintained by other Strategists available to end-clients whose RIAs are participating in the program. AEWM does not have discretion over, or a contractual relationship with, end-client accounts invested in these model portfolios. We also do not provide individualized advice to end-clients. When providing model portfolio signals to Subscribers, AEWM will not be involved in the management of, or make suitability or best interest determinations for, the Subscribers’ client(s)’ accounts. These responsibilities, along with supervisory responsibility, rest with the Subscriber. AEWM monitors and updates each model on a regular basis and delivers updates to the relevant Subscribers as appropriate.

AEWM charges Subscribers a percentage-based fee, which is detailed in *Item 5 - Fees and Compensation*.

#### **Separate Account Management Program (“SAMP” or “Program”)**

AEWM offers discretionary third-party management through our AE Investments Program. We provide management services to clients of unaffiliated RIAs via a separately managed account relationship (“SMA”) pursuant to a separate account management services and licensing agreement. AEWM also makes models created and maintained by other Strategists available to end-clients participating in the Program. After executing the SAMP agreement, the unaffiliated RIA will make the Program available to their IARs. AEWM is considered a third-party manager of the SMA accounts, which differs from the model signals noted above because AEWM will have the authority to utilize discretion over the IARs’ selected strategies held within the end-clients’ accounts. However, AEWM’s discretion is limited to the assets the IAR has placed in the end-clients’ accounts, which are assigned to AEWM at the custodian. AEWM will not be designated as the registered investment adviser on the end-client accounts and will not make recommendations or give individualized advice to end-clients. SAMP is not available to AEWM IARs. Pursuant to the SAMP agreement, the RIA to the end-clients in this program is responsible for delivering AEWM’s disclosures, as applicable.

AEWM charges the RIAs a percentage-based fee, which is discussed in more detail in *Item 5 - Fees and Compensation*.

### **Tailor Advisory Services to the Individual Needs of Clients**

AEWM’s advisory services are always provided based on your individual needs. IARs 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, your IAR will assist you in completing a detailed client profile questionnaire and will review the information you provide. When we provide asset management services, you can impose restrictions on the accounts we manage for you, including specific investment selections and sectors. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, and/or risk tolerance and whether you wish to impose or modify any existing investment restrictions.

Our financial planning and consulting services are always tailored to your individual needs. We work with you one-on-one through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment advisory relationship with a prospective client whose investment objectives are 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 model portfolio solutions and direct asset management services are only provided on a wrap-fee basis. Therefore, you will generally only pay fees based on assets under management, and, in most circumstances, 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 the custodian and model portfolio manager (if applicable), will receive a portion of the fee as compensation for services. Any favorable pricing AEWM receives in these arrangements is not passed along to the client. There are certain fees charged by the custodians that are not included as part of the wrap pricing agreement. For more information on these fees, see **Item 5 – Fees and Compensation**. If you are a TPRIA Program Client, your TPRIA will determine whether AEWM's services are provided to you on a wrap or non-wrap basis. If services are provided on a non-wrap fee basis and only if offered by a TPRIA, you will pay separate commissions, ticket charges, and custodian fees for executing transactions in your account. These charges will be in addition to the investment management fee you pay us and your primary adviser. If a non-wrap fee account is utilized, the execution of our investment strategies sometimes results in significant fees for small-dollar transactions and/or short-term mutual fund redemptions.

Financial Planning and Consulting Services are offered outside of a wrap fee program. Therefore, you pay separate commissions, ticket charges, and custodian fees if you implement recommended transactions away from AEWM.

### **Client Assets Managed by AE Wealth Management**

As of February 28, 2025, we have regulatory assets under management in the amount of \$37,525,706,084.64, which we manage on a discretionary basis. We currently do not manage any client assets on a non-discretionary basis. Additionally, we have \$1,474,756,631.32 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 \$39,000,462,714.96.

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## ***Item 5 – Fees and Compensation***

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This section details the fees and compensation we receive for our services. Lower fees for comparable services may be available from other sources. AEWM allows your IAR to set fees within the range that we provide. As a result, your IAR may charge more for the same service than another AEWM IAR. The exact fees and other terms will be outlined in the investment advisory services agreement between you and AEWM.

### **Model Portfolio Solutions and Direct Asset Management Services Fees**

Fees charged for Model Portfolio Solutions and 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 when 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 and 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. Cash placed in a model will be included in the billing; non-modelized cash will not be billed for investment advisory fees.

Fees charged for our model portfolio solutions and direct asset management services are negotiable by each of our IARs 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 IAR, the total amount of assets under management for the client, and the portfolio(s) chosen. AEWM may offer and make available an advisory fee discount for IARs, employees of IARs, employees of AEWM, and employees of Advisors Excel, LLC when

accounts are managed by AEWM. Advisors Excel, an insurance marketing organization under common control and ownership with AEWM, is further described in *Item 10 - Other Financial Industry Activities and Affiliations*.

Based upon the above negotiability factors, each IAR is allowed to set AEWM's investment advisory fee up to a maximum amount of 2.5% annually. For model portfolio solutions, the fee charged to each client includes a portion attributable to AEWM and sometimes a portion attributable to the manager of the selected model portfolio. A typical distribution for an annual fee of 1.75% would include an allocation of 1.35% to AEWM (including the asset-based custodial fee) and an allocation of 0.00% to 0.50% to the Strategist. The proceeding is for illustrative purposes only. The actual annual fee charged by AEWM will be specified in your investment advisory services agreement. When your IAR manages their own model portfolios, a portion of your investment advisory fee is not allocated to a Strategist. However, AEWM does not require your IAR to lower your overall fee in such circumstances. As a result, your IAR is incentivized to select model portfolios that they manage in lieu of model portfolios managed by Third-Party Managers or Strategists. The rationale for not requiring your IAR to lower your fees is that your IAR may incur additional expenses related to the management of these Advisor Managed Models.

Additionally, your IAR is incentivized to use certain models when using AEWM Direct Indexing products since AEWM waives account fees charged to the IAR for accounts exclusively using those models in their benchmarking. These fee waivers are not available when choosing AE Direct Flex with Tax Harvesting, one of the AEWM Direct Indexing products. In such circumstances, AEWM does not require your IAR to lower your overall fee. Additionally, AEWM charges an asset-based fee to cover the cost of our internal team actively monitoring the call-writing overlay strategy for our Strategic Index Model and AE Direct Flex strategy. More information about those strategies can be found in *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss*.

AEWM believes that its annual fee is reasonable in relation to services provided and the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that of other registered investment advisers offering similar services/programs.

In most circumstances, 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 your account's qualified custodian(s) to deduct fees from your account and pay such fees directly to AEWM. If more convenient for you, you can require that AEWM charge your IAR's investment advisory fees to a single, designated account. However, keep in mind that your custodian will rely on AEWM's instructions to charge the designated account and will have no responsibility to confirm those instructions with you or verify the amount or timing of investment advisory fees charged to the designated account. Additionally, collecting a fee for a taxable account out of a non-taxable account typically constitutes a taxable event and may be subject to a penalty. Please consult with a tax advisor in the event you wish to charge all fees to a single advisory account.

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. AEWM has discretion to bill you for fees incurred instead of deducting the fees from your account.

AEWM or you may terminate the investment advisory services agreement immediately upon written notice to the other party. 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 provided during the final period. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of a client's death or disability, AEWM will continue managing the account until we are notified of the client's death or disability. At that point, we will freeze the account until we have received the appropriate documentation to update the account or transfer it to the client's beneficiaries. If the account is later in good order, we will resume management.

If you are an investment advisory client of AEWM, asset management services are only offered through a wrap fee program. Therefore, you will generally only pay fees based on assets under management and, in most circumstances,

you will not pay a separate commission, ticket charge, or custodial fee for the execution of transactions in your account. If there is a low number of trades/transactions in your account(s) managed by AEWM, it is likely that the wrap fee will accrue more expenses than an account that is charged on a transactional basis.

If you are a TPRIA Program Client, your TPRIA will determine whether its services are provided on a wrap fee or non-wrap fee basis. If services are provided on a non-wrap fee basis, you will pay separate commissions, ticket charges, and custodian fees for the execution of transactions in your account, in addition to your investment advisory fee. A portion of your investment advisory fee is paid to AEWM as compensation for AEWM's TPRIA Program services. For more information about your TPRIA's investment advisory fee, please review your TPRIA investment advisory services agreement.

In addition to the fees described above, you may incur certain charges imposed by third parties other than AEWM in connection with investments made through your account. These fees include, but are not limited to, charges imposed directly by a mutual fund (e.g. 12b-1 trails), index fund, fee-based variable annuity, or exchange-traded fund which shall be disclosed on the fund's prospectus, mark-ups and mark-downs, spreads paid to market makers, surrender charges, IRA and qualified retirement plan fees, regulatory fees assessed by the SEC and/or FINRA, fees (such as a commission or markup) for trades executed away from our custodians at another broker-dealer, wire transfer fees, and other fees and taxes on brokerage accounts and securities transactions. The markups and markdowns, bid-ask spreads, and selling concessions are related to your custodian acting as a principal. Principal transactions contrast with transactions in which the custodian acts as your agent in affecting trades. Markups and markdowns and bid-ask spreads are not separate fees but are reflected in the net price at which a trade order is executed. You will also pay costs imposed by third parties, such as transfer taxes, odd-lot differentials, certificate delivery fees, reorganization fees, and any other fees required by law. AEWM management fees are separate and distinct from fees and expenses charged by investment company securities recommended to you. A description of these fees and expenses is available in each investment company's prospectus. Additionally, you can find more information on these fees on our custodians' websites. For fee information for Fidelity, click [here](#). For fee information for Schwab, click [here](#).

### **Treatment of Mutual Fund Share Classes**

Mutual funds often offer multiple share classes with differing internal fee and expense structures. AEWM endeavors to identify and utilize the share class with the lowest internal fee and expense structure for each mutual fund. However, instances occur in which the lowest cost share class is not used. These instances include but are not limited to:

- Instances in which a certain custodian has a share class available that has a lower internal fee and expense structure than is available for the same mutual fund at other custodians: In such instances, AEWM will select the lowest cost share class available at the custodian that holds your account even though a lower-cost share class is available at another custodian.
- Instances in which the custodian that holds your account offers others a share class with a lower internal fee and expense structure than what is available to AEWM at the same custodian: In such instances, AEWM will select the lowest cost share class that the custodian makes available to AEWM. This situation sometimes occurs because the custodian places conditions on the availability of the lower cost share class that AEWM has determined are not appropriate to accept due to additional costs imposed by said conditions.
- Instances in which a share class with a lower internal fee and expense structure becomes available after the share class you hold was purchased: AEWM periodically monitors for this circumstance. However, a share class with a lower internal fee may become available between the time of your purchase and AEWM's next review. If during that review AEWM determines a lower share class is available, we request the custodian convert the mutual fund share to the lower class.
- Instances in which a share class with a lower internal fee and expense structure than the share class you currently hold is available at your custodian, but there are limitations as it relates to share class eligibility, custodian restrictions, or additional fees/taxes that the conversion would trigger: AEWM cannot convert to a share class with

a lower internal fee and expense structure if the account is ineligible (e.g., the fund company only allows certain types of registration types to use the share class or the account doesn't meet the investment minimum for the share class) or if the fund company won't accept a conversion if the share amount is too small. In the event a share amount is too small, AEWM liquidates the position and deposits the cash back into the account. AEWM also cannot convert to a lower internal fee and expense structure if the custodian will not allow it (e.g., custodial restrictions). Also, AEWM does not convert to a share class with a lower internal fee and expense structure if the conversion will cause a taxable event or other expense/cost to you that negates the advantage of the lower cost share class.

- Instances in which a Strategist selects a share class for inclusion in a model that is not the lowest cost share class available: Whenever possible, AEWM works with Strategists to ensure they are selecting the lowest cost share class available for inclusion in their model portfolios. However, certain Strategists make their investment selections without any input from AEWM. In such cases, AEWM implements the models as directed by the Strategist and does not screen for the lowest mutual fund share class available.
- Instances in which you are a TPRIA Program Client: In such circumstances, AEWM implements the mutual fund selection instructions provided by your TPRIA and does not screen for the lowest mutual fund share class available.
- Instances in which you make your own investment selections in a Client-Directed Account: In such circumstances, AEWM does not screen for the lowest mutual fund share class available.

### **Treatment of No Transaction Fee Securities**

As described in Item 12 below, certain securities qualify for no transaction fee pricing (i.e., \$0.00 commissions) with our custodians. If you receive services on a wrap fee basis and participate in transactions that qualify for no transaction fee pricing, please know that AEWM does not require your IAR to lower their fee. AEWM may receive favorable pricing on specific securities offered at our custodians for the trading of ETFs and individual equities. For services you receive through our wrap fee programs, we may compensate the custodian(s) for their custodial services with a portion of the fee that we charge you. Depending on the products you hold in your account, AEWM sometimes does not incur custodial service fees from the custodian. In the event AEWM does not incur custodial fees, no additional discounts are applied to the fees you pay AEWM. Additionally, an investment in a no transaction fee mutual fund does not necessarily mean that the investment is in that mutual fund's lowest share class, nor will it necessarily be the lowest cost option when comparing funds and classes.

### **Financial Planning & Consulting Services**

AEWM provides financial planning and consulting services under hourly- and fixed-fee arrangements. Each IAR is allowed to set the hourly rate within a range prescribed by AEWM. This fee varies based on the type of client, the services requested, the IAR 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 IAR, among other factors. Your financial planning and consulting agreement with AEWM will specify the hourly rate you will be charged for this service.

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

AEWM also provides financial planning and consulting services under a fixed fee arrangement. Because each plan or service is based on the type of client, the services requested, the IAR 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 IAR, among other factors, each IAR is allowed to set their fixed fee. The amount of the fixed fee you will be charged

will be specified in your financial planning and consulting agreement with AEWM. The fixed fee is due upon completion of the financial planning and consulting agreement and delivery of the deliverables. However, under no circumstances will AEWM require you to pay fees of more than \$1,200 six or more months in advance. Upon completion and delivery of the financial plan, the fixed fee is considered earned by AEWM 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 IAR did not waive your fees, you will be responsible for immediate payment of any financial planning and consulting services performed by AEWM prior to our receipt of your notice of termination. For financial planning and consulting services performed by AEWM under an hourly arrangement, you will pay us for any hourly fees incurred at the rates described in the agreement. For financial planning and consulting services performed by AEWM under a fixed fee arrangement, you will either pay us (i) a pro-rated fixed fee equivalent to the percentage of work completed by AEWM as determined by us or (ii) an early termination fee for the hours worked by AEWM multiplied by the hourly rate specified in the agreement. If there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, we will refund those remaining proceeds to you.

If your IAR engages an outside professional (i.e., attorney, independent investment adviser, or accountant) while providing financial planning and consulting services to you, they will be responsible for the payment of the fees for the services of such outside professional, and you will not be required to reimburse AEWM 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 AEWM. In no event will the services of an outside professional be engaged without your approval.

All fees paid to AEWM 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 AEWM and any commissions, fees, and expenses charged by the insurance company for subsequently-acquired insurance and/or annuities.

All fees paid to AEWM 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 AEWM to implement the recommendations provided under this service, we may recommend load or no-load mutual funds that charge you periodic mutual fund fees (e.g. 12b-1 trails).

All fees paid to AEWM 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 IAR to implement such recommendations.

### **ERISA Retirement Plan Service Fees**

AEWM provides Retirement Plan Services to retirement Plan Sponsors. Fees for retirement plan services provided to ERISA Plan Sponsors are negotiated by the IAR and the Plan Sponsor and may not exceed 2.5%. A Plan Sponsor's agreement with the recordkeeper will determine the frequency at which fees are paid. For example, fees may be calculated and billed quarterly; however, some recordkeepers may calculate and bill more frequently. If you are a Plan Sponsor and have questions about your recordkeeper's pay schedule, please confer with your IAR or refer to your agreement with the recordkeeper.

AEWM also receives an asset-based fee from any TPRIA that subscribes to AEWM's retirement plan investment services.

## **Client-Directed Accounts**

As an administrative convenience to you, you may designate one or more accounts to hold investment products that you desire not to be managed by AEWM but remain visible to AEWM for reporting purposes ("Client-Directed Account"). To open a Client-Directed Account, you must have an online trading account with the custodian and direct your IAR to establish the account as a Client-Directed Account.

AEWM's services related to the Client-Directed Account are limited to including investment products in reporting provided to you by AEWM or the custodian and processing account maintenance requests such as, but not limited to, money movement requests, address changes, and systematic distributions, at your direction, with the custodian. AEWM will not make recommendations, direct trades, or utilize investment discretion on the Client-Directed Account. You shall provide all trade requests directly to the custodian subject to the terms of your agreement with the custodian. You are solely responsible for monitoring and directing trades in the Client-Directed Account, including, but not limited to, the choice of mutual fund share class and the fees associated with such share class choice. Client-Directed Accounts are not subject to the supervision, management, or oversight practices AEWM provides in relation to its managed accounts as otherwise set forth in AEWM's disclosure documents.

AEWM neither manages nor advises on Client-Directed Accounts. The investment products available to a Client-Directed Account are only limited by the custodian—AEWM does not review or approve products for Client-Directed Accounts. Certain investment products are only available in AEWM-managed accounts and are not available in a Client-Directed Account. As a result, if, for example, you own mutual funds in a Client-Directed Account, you may pay more for those mutual funds than you would if the funds were held in an AEWM-managed account.

Your accounts with the custodian, including the Client-Directed Account, are cash trading accounts. Cash trading accounts are subject to certain laws, rules, and regulations that generally require that the account has sufficient cash available to pay for any trade on the settlement date. Failure to have sufficient cash in the account on the settlement date can result in one or more of the following: a good faith violation, a freeriding violation, and/or a cash liquidation violation. Such violations in any of your accounts, including the Client-Directed Account, could result in temporary or long-term trading restrictions on all your accounts, including those managed by AEWM. Other situations can also result in trading or account restrictions being placed on your accounts, including but not limited to potential fraud, violation of anti-money laundering rules or regulations or OFAC sanction control laws, or an incorrect mailing address on file for you.

The existence of any trading restriction on any of your accounts will render both you and AEWM unable to trade any of your accounts. As such, AEWM cannot initiate trades or conduct other activities that may be required to manage your managed accounts according to your advisory plan and/or instructions. If this occurs, your managed accounts may be converted to non-managed.

Because AEWM does not manage the Client-Directed Account, you will be solely responsible for the consequences of any violation and for remediating any violation if remediation is available. AEWM does not assume any obligation to notify you of a violation or trading restriction you caused. Nor do we assume any obligation to execute any transactions in the Client-Directed Account to remediate a violation or restriction. However, AEWM may, under certain circumstances, undertake to remediate a violation or restriction subject to a separate written agreement between you and AEWM.

You will not pay asset-based investment advisory fees for Client-Directed Accounts. You will pay an annual administrative fee in monthly installments as set forth in the Fee Schedule. This annual administrative fee is independent from transactional fees initiated by the Custodian. Transactions directed by you in the Client-Directed Account may be subject to transaction and/or other fees in accordance with your agreement with the Custodian.

### **Compensation for Sale of Securities**

Our IARs can sell securities in their separate capacities as registered representatives of a broker-dealer, if appropriately registered. In addition, they can sell insurance products in their capacities as independent insurance agents for sales commissions, if appropriately licensed. Please refer to *Item 10 – Other Financial Industry Activities and Affiliations* to read more about our IARs' 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 IARs may involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12b-1 fees. However, AEWM and our IARs, when holding mutual funds in our Direct Asset Management Services Program or Model Portfolio Solutions program, generally do not receive any portion of the 12b-1 fees paid. Additionally, neither AEWM nor your IAR receive other compensation, such as commissions, loads, or trails in these transactions.

You are never obligated to work with the broker-dealer(s) affiliated with our IARs, and you are never obligated to purchase investment products through our IARs. You have the option to purchase investment products through other brokers or advisers that are not affiliated with AEWM.

### **Third-Party Registered Investment Adviser Fees and Compensation**

If you are an investment advisory client of a TPRIA, investment advisory fees charged by your TPRIA are set forth in your TPRIA's Form ADV Part 2A, investment advisory services agreement, and fee schedule. If you participate in our TPRIA Program, your TPRIA will pay a portion of your fees to AEWM as compensation for its services. TPRIAs that provide financial planning and consulting services may charge their fees for such services through your account in the TPRIA Program.

### **Investment Consulting Group Fees**

The ICG provides various consulting services pursuant to a written investment consulting agreement with the IAR or TPRIA, the fees for which are provided according to a designated fee schedule. Depending on the level of service provided, the IAR or TPRIA must compensate ICG with either a one-time flat fee or an ongoing, monthly fee. For IARs, this fee is paid directly by the IAR and does not affect the fees you pay for services provided to you. For TPRIA clients, you will need to review your TPRIA's disclosures regarding their fee structure.

### **AE Investments Program Fees**

#### **Models for Use by Other Investment Advisers**

AEWM charges a percentage-based fee to Subscribers for the use of our model portfolios. AEWM does not directly bill end-clients who invest in the models. The Subscriber is responsible for determining the fee or compensation the end-client will pay, which may include the fee AEWM charges for this subscription.

#### **Separate Account Management Program**

AEWM charges a percentage-based fee to RIAs who subscribe to our SMA program. We do not bill end-clients. The RIA is responsible for determining the fee or compensation the end-client will pay, which may include the fee AEWM charges for this program.

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

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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. AEWM does not have a performance-based fees program and does not permit performance-based fees to be charged.

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## *Item 7 – Types of Clients*

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AEWM 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 investment advisory services agreement with AEWM to establish a client arrangement with us.

The TPRIA Program is offered exclusively through TPRIAs, and as such, AEWM accepts any Client for whom the TPRIA deems the TPRIA Program appropriate.

### **Minimum Investment Amounts Required**

AEWM's guidelines typically require a minimum of \$10,000 to open an account. Exceptions may be granted to this minimum if approved by both your IAR and AEWM.

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

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### **Methods of Analysis**

AEWM uses the following methods of analysis in formulating investment advice:

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 portfolio 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.

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 yet shown itself.

To conduct analysis, AEWM gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, investment research software, 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**

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

Direct Indexing. Direct indexing is the process by which an investor invests in an investment portfolio comprised of individual securities intended to replicate the performance of one or more investment indexes, strategies, or models (individually a "Benchmark" and when the portfolio contains securities that reference more than one Benchmark, a "Blended Benchmark"). The inputs include but are not limited to preferences, which may include individual or lists of companies chosen for the portfolio; a desired Benchmark or a relative allocation between Benchmarks ("Blended Benchmark"); and investment strategy constraints, such as security exposure, turnover, and trade thresholds and tax considerations.

Direct Indexing Products do not contain all constituent securities of the Benchmark, may contain alternative

securities, or may contain securities in different weights or allocations than the Benchmark. As a result, the portfolios will not track the Benchmark exactly, and the gains or losses of the portfolio may be greater or less than the gains or losses experienced by the Benchmark. This difference is known as “tracking error.” AEWM will take reasonable efforts to mitigate tracking error within a set target range by rebalancing the portfolio through the purchase and sale of constituent securities but cannot guarantee that it will always be able to successfully mitigate tracking errors. Any restrictions placed by the client on securities that may be held in a portfolio and the budget for realized capital gains on transactions in the account may increase tracking error and decrease the effectiveness of rebalancing. AEWM cannot guarantee that the dividend yield in any portfolio will accurately track the benchmark.

In taxable accounts, a strategy of tax loss harvesting is often employed in direct indexing accounts. But tax-loss harvesting involves certain risks, including that the new investment could have higher costs or perform worse than the original investment and could introduce portfolio tracking error into accounts. There may also be unintended tax implications. AEWM does not hold itself out as an accountant or tax adviser and does not provide such services. Therefore, AEWM recommends consulting with a tax adviser before engaging in direct indexing for the purpose of tax loss harvesting.

Options trading. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. The two types of options are calls and puts. A call gives the holder the right to buy an asset at a certain price within a specific period of time. A put gives the holder the right to sell an asset at a certain price within a specific period of time. AEWM writes call options to supplement certain direct indexing and strategic indexing strategies. AEWM also contracts with a Third-Party Manager to utilize this strategy. Options are complex securities that involve risks and are not suitable for everyone. AEWM does not allow investment in individual options contracts outside of a model.

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.

Style-based investing. There are various “style-based” investing strategies. The value investing strategy involves selecting 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, underperformance 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. Growth investing is a strategy focused on increasing an investor’s capital by typically investing in young or small companies whose earnings are expected to increase at an above-average rate compared to their industry sector or the overall market. This can be a popular strategy, but because these companies are still new, investing in them imposes a fairly high risk.

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. Certain tactical strategies may also trade frequently, which may cause tax implications. However, AEWM does not hold itself out as an accountant or tax advisor and does not provide such services. Therefore, AEWM recommends consulting with a tax advisor as it relates to this investment strategy.

## **Model Manager Selection**

AEWM reviews each Strategist and Third-Party Manager before selecting them to be included in our program. We conduct initial and ongoing reviews of Strategists and initial reviews of Third-Party Managers to ensure that they are suitable for our programs. We call these processes “due diligence.” In order to assist us in conducting our due diligence, we may utilize an outside firm. For more information about our process and criteria, please reference *Item 6 - Performance-Based Fees and Side-By-Side Management* in our ADV Appendix I Wrap Fee Brochure.

## **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 are 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:

**ALTERNATIVE INVESTMENTS RISK:** Alternative investments typically do not correlate to the stock market, which means they can be used to add diversification to a portfolio and help mitigate volatility. Alternative Investments can be illiquid due to restrictions on transfer and the lack of a secondary trading market. These investments may lack transparency as to share price, valuation, and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, private funds are subject to less regulation and often charge higher fees. Alternative investments encompass a broad array of strategies, each with its own unique return and risk characteristics to be considered on a case-specific basis.

**ARTIFICIAL INTELLIGENCE USE RISK:** With the increased use of artificial intelligence (“AI”) capabilities, generally, there are risks associated with AI use as it relates to advisory business. AI systems are designed and based on complex algorithms that, despite rigorous testing, may still contain errors or biases. These errors can affect the reliability and performance of the investment advice generated by the AI tools. AEWM permits the use of AI for day-to-day business-related tasks. However, AEWM restricts investment-related use of AI to approved vendors and our proprietary tools only. While AI capabilities are continuously improving, over-reliance on AI-driven recommendations without adequate human oversight or review can lead to potential misjudgment of investment opportunities and associated risks. Your IAR is required by policy to independently verify all information produced through an approved AI tool before they may rely on it as part of the services they provide to you.

**COLLATERALIZED LOAN OBLIGATION (“CLO”) RISK –** A CLO is a single security backed by a pool of debt. That pool of debt often consists of a bundle of corporate loans that are ranked below investment grade. CLOs are securities subject to credit, liquidity, and interest rate risks. The investor will receive scheduled debt payments from the underlying loans, assuming most of the risk if the borrowers of those loans default. A CLO usually has multiple “tranches.” Each tranche is a piece of the CLO, and the order of the tranches dictates in what order the investors will be paid when the underlying loan payments are made. The tranches also dictate the associated risk since investors who are paid last have the highest overall risk of loss. Those paid first have less risk and are therefore paid smaller interest payments—whereas those paid last receive higher interest payments to compensate for the risk.

**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's stock may be reduced.

**CRYPTOCURRENCY:** Cryptocurrency is a digital or virtual currency that is used as an alternative payment method or speculative investment. Cryptocurrency is not backed by real assets or tangible securities, are traded between consenting parties with no broker, and most are tracked on decentralized, digital ledgers with blockchain technology. Cryptocurrency is subject to, and has experienced, rapid surges and collapses in values. In addition to the market risk associated with speculative assets, cryptocurrency investment carries a number of other risks. As a result, investment in cryptocurrency is considered to be a more volatile investment. Although AEWM does not allow for direct cryptocurrency investment, some models on AEWM's platform may have an underlying cryptocurrency investment or component.

**CYBERSECURITY RISK:** With the increased use of technologies to conduct business, AEWM is susceptible to operational, information security, and related risks. In general, information and cyber-incidents can result from deliberate attacks or unintentional events and arise from external or internal sources. Cyber-attacks include unauthorized access to digital systems (such as through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial of service attacks on websites (making network services unavailable to intended users). Cyber-incidents may cause disruptions and affect business operations, potentially resulting in financial losses, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. AEWM follows its security protocol in its Information Security Management System Policies in the event a cybersecurity event occurs.

**DURATION RISK:** Duration is a way to measure a bond's price sensitivity to changes in interest rates. The duration of a bond is determined by its maturity date, coupon rate, and call feature. Duration is a method to compare how different bonds will react to interest rate changes. For example, if a bond has a duration of five (5) years, it means that the value of that security will decline by approximately five percent (5%) for every one percent (1%) increase in interest rates.

**EMERGING MARKETS RISK:** The risks associated with foreign investments are heightened when investing in emerging markets. The governments and economies of emerging market countries may show greater instability than those of more developed countries. Such investments tend to fluctuate in price more widely and to be less liquid than other foreign investments.

**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. And because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

**ETF, CLOSED-END FUND, 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. If the ETF, closed-end fund, or mutual fund fails to achieve its investment objective, the account's investment in the fund may adversely affect its performance. Because the value of ETF shares depends on the demand in the market, your IAR may not be able to liquidate the holdings at the most optimal time, adversely affecting performance. Closed-end funds not publicly offered provide only limited liquidity to investors. Closed-end funds are generally not required to buy back their shares from investors upon

request. Spot Bitcoin ETFs pose an additional layer of risk due to the potential volatility of Bitcoin and other cryptocurrencies. Buffered ETFs (defined-outcome) are designed to provide downside protection in exchange for a cap on potential upside gains. They present the client with a tradeoff of giving up potential full upside benefit for the potential for mitigating some downside in market performance.

**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. For some fixed-income products, investors receive set, regular payments that face the same inflation risk. Fixed-income instruments purchased by a client are subject to the risk that as interest rates rise, the market values of bonds decline. This results in a more pronounced effect on the securities with longer durations. Fixed-income securities are also subject to reinvestment risk, which refers to the possibility that an investor will be unable to reinvest cash flows (i.e., coupon payments or interest) in a new security at a rate comparable to their current rate of return.

**INTERNATIONAL INVESTING RISK:** International investing, especially in emerging markets, involves special risks, such as currency exchange and price fluctuations and political and economic risks.

**INTERVAL FUND RISK:** Interval funds are classified as closed-end funds, but they are distinct because the shares do not trade on the secondary market, but instead periodically the fund offers to buy back a percentage of outstanding shares at net asset value. This results in the funds being largely illiquid. There is no guarantee that investors will be able to sell their shares at any given time or in the desired amount. Additionally, repurchase is done on a pro-rata basis; therefore, there is no guarantee that you can redeem the number of shares you want during a given redemption.

**LACK OF DIVERSIFICATION RISK:** Concentrated portfolios, including portfolios with a concentration in one asset class, typically result in increased risk and volatility and decreased diversification, which could result in losses.

**LIQUIDITY RISK:** Liquidity is how easily an asset or security can be bought or sold in the market and converted to cash. Generally, the less liquid an asset is, the greater the risk that if an investor needs to sell the asset quickly, the asset will be sold at a loss. Simple assets tend to be more liquid than complex assets. An asset tends to be more liquid if it represents a standardized product or security and there are many traders interested in making a market in that product or security. Some investments, like Qualified Opportunity Zone Funds, are considered private investments and are illiquid because there is no public market that currently exists for the investment type. Therefore, the inability to quickly sell or liquidate this investment carries a higher risk for a loss in the investment. The same goes for investment properties sold or exchanged in an Internal Revenue Code Section 1031 exchange ("1031 exchange") in which one property is swapped for a like-kind property in order to defer capital gains taxes. This is a tax strategy which often combines the 1031 swap with a Delaware Statutory Trust in which the property is held for several years, per the United States Internal Revenue Service. Due to this strategy's required "holding" period, this private investment poses a liquidity risk. As it pertains to these types of strategies, AEWM does not offer qualified tax or legal advice. Additionally, AEWM does not hold itself out as a tax advisor and does not provide such services. Therefore, AEWM recommends consulting with a tax advisor if you have tax-related questions.

**MANAGEMENT RISK:** Your investment with a registered investment adviser varies with the success and failure of its 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.

**MARGINS RISK:** A margin transaction occurs when an investor uses borrowed assets by using other securities as collateral to purchase financial instruments. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Margin trading involves interest charges and risks, including the potential to lose more than deposited or the need to deposit additional collateral in a falling market. A margin account is required with AEWM's call writing overlay strategy for our AE Direct Flex

and specific Strategic Index Models.

**NON-INVESTMENT GRADE BONDS:** Commonly known as “junk bonds,” non-investment grade bonds are “below investment grade quality” (rated below Baa3 by Moody’s Investors Service, Inc. or below BBB- by Standard & Poor’s Ratings Group and Fitch Ratings or, if unrated, reasonably determined by the Firm to be of comparable quality). Junk bonds represent bonds issued by companies that are financially struggling and have a higher risk of defaulting or not paying their interest payments or repaying the principal to investors. Investing in non-investment grade bonds can be speculative.

**NON-TRADED BUSINESS DEVELOPMENT COMPANIES:** Non-traded business development companies (“non-traded BDC(s)”) are a closed-end investment company that invests in small- and medium-sized businesses. Non-traded BDCs are not traded on an exchange. Therefore, they are subject to other types of risk, such as high-net-worth requirements, higher initial investments, higher sales commissions and fee structures, limited liquidity, longer-term investment horizons, and redemption limits and suspensions. Non-traded BDCs are limited to accredited investors, and they generally invest in companies that are still developing and/or may be in financial distress. As a result, the companies that a BDC invests in are more likely to go out of business or default on their debts. Additionally, BDCs often use leverage or debt to increase the potential for higher returns. However, leverage can also potentially increase losses. And finally, in addition to charging management fees, the fund manager may also charge a performance fee.

**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. Options, like other securities, carry no guarantees, and investors should be aware that it is possible to lose all of your initial investment, and sometimes more. Since options derive their value from an underlying asset, which may be a stock or securities index, any risk factors that impact the price of the underlying asset will also indirectly impact the price and value of the option. Extreme market volatility near an expiration date can cause price changes resulting in the option expiring worthless. In addition, options can be purchased or sold in covered or uncovered (or naked) strategies. A covered strategy is one in which the seller of a call option holds a long position/currently owns the underlying assets of the options contract. An uncovered, or naked, strategy, is one in which the seller of a call or put option does not hold a long position or currently own the underlying securities. Selling a naked option can be a very risky strategy and should be used by experienced traders who understand how to manage their notational exposure and risk. Individual options contracts outside of a model are not available through AEWM.

**PRIVATE INVESTMENTS RISK:** A private investment is a financial asset outside public market assets, meaning they are not listed on an exchange. Investors often access private investments through a private investment fund. A private investment fund is an investment company that doesn’t solicit capital from retail investors or the public. Hedge funds and private equity funds are two of the most common types of private investment funds. Private equity investing often has high investment minimums and they may also have higher liquidity risks since private equity investors are expected to invest their funds with the firm for several years, on average. Investors often utilize private investments to diversify their portfolio and reduce overall risk exposure across specific sectors. However, because there is no major public exchange for these investments, a fund manager may find it difficult to liquidate the investments in a fund in times of economic stress. AEWM generally limits investments in private funds, but the firm does allow high net worth and/or accredited clients to invest in certain private investments.

**PUBLICLY TRADED BUSINESS DEVELOPMENT COMPANIES:** Business Development Companies (“BDC(s)”) are a type of closed-ended fund that provide retail investors a way to invest in small and medium-sized private companies and, to a lesser extent, other investments, including public companies. BDCs are complex and are associated with unique risks. Publicly traded BDCs can be bought and sold on national securities exchanges. BDCs are not limited to qualified investors. However, BDCs generally invest in companies that are developing and/or financially distressed. As a result, the companies that a BDC invests in are more likely to go out of business or default on

their debts. Additionally, BDCs often use leverage or debt to increase the potential for higher returns. However, leverage can also potentially increase losses.

**REINVESTMENT RISK:** Reinvestment risk is the risk that future interest and principal payments may be reinvested at lower yields due to declining interest rates.

**REITS AND REAL ESTATE RISK:** Real estate investment trusts (REITs) are popular investment vehicles that pay dividends to investors. The value of an investment in REITs may change in response to a change in the real estate market. REITs may subject an investment to additional risks such as decline in the value of real estate, changes in interest rates may result in lack of available mortgage funds or other capital and financing limits, extended vacancies of properties, increases in property taxes and operating expenses, and changes in zoning laws and regulations. When traded like shares of stock on exchanges, REITs can give exposure to diversified real estate holdings.

**SECURITIES LENDING:** Securities lending is the act of loaning shares of stock, commodities, derivative contracts, or other securities to other investors or firms. For receipt of these securities, the borrower is required to put up collateral—whether cash, other securities, or a letter of credit—for the lender to hold until the agreement is terminated and/or the securities are liquidated. Generally, the lender receives a lending fee based on a designated interest rate multiplied by the market value of the securities on loan. The interest rate paid is based on the relative value of the individual securities in the securities-lending market and are subject to change based on market conditions and borrowing demand. Loaned securities are sometimes considered “hard to borrow” because of short selling, scarcity of available lending supply, or corporate events that affect liquidity in a security. Securities lending also exposes a lender to the risk of borrower or counterparty default. AEWM does not offer a securities lending program, nor does it solicit for a custodian’s established program. However, we do help facilitate securities lending arrangements between our qualified custodians and our clients.

**SMALL- AND MEDIUM-CAPITALIZATION COMPANIES:** Publicly traded companies are often segmented by their market capitalization—the total value of their shares in the market. Small-cap investing is often used when an investor is focused on growth opportunities. Though they historically outperform large-cap stocks, small-cap stocks are riskier. Prices of small-cap stocks are often more volatile than prices of large-cap stocks. The same can be said for some medium-cap stocks. Additionally, the risk of bankruptcy or insolvency for smaller companies is higher than for larger companies.

**STRUCTURED NOTES RISK:** Structured notes are complex instruments consisting of a bond component and an imbedded derivative component that adjusts the security’s risk-return profile. There are both principal-at-risk and principal-protected notes. Principal-protected notes offer full principal protection, subject to the credit risk of the issuer, even if the market is down at the note’s maturity. Principal-at-risk notes offer no principal protection, and an investor can lose some or all of their invested principal at maturity. A structured note will result in loss of principal if the reference asset declines by more than the stated buffer or barrier level, either at maturity, or on a scheduled observation date. Structured notes are classified as senior unsecured debt and are therefore subject to the risk of default. They lack liquidity, are not listed on securities exchanges, and do not participate in dividends. Typically, the issuer will maintain a secondary market; but there is no obligation to do so. Therefore, there may be little to no secondary market available. To the extent a secondary market may exist, a sale in the secondary market prior to maturity may result in a significant discount in the sale price of the note resulting in a loss of principal. Structured notes are also subject to credit and call risks. The credit risk involves a situation where, if the issuer were to default on its payment obligations, you may not receive any amount owed under the structured note and you could lose your entire principal investment. Certain notes may be callable automatically or at the option of the issuer. If a note is called, the investor will not receive any interest payments that would have been payable for the remainder of the term of the note. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to

value given their complexity.

**TENDER OFFER FUND RISK:** A tender offer fund is a closed-end registered investment company that can continuously offer shares at net asset value to an unlimited number of investors. A tender offer differs from an interval fund because a tender offer fund buys back shares from investors at their net asset value at the fund's discretion, as opposed to interval funds, who buy back shares at a predetermined frequency. Tender offer funds are semi-liquid as they are not traded on a securities exchange and are subject to discretionary repurchases by the Fund Board. This means, the investors cannot redeem shares on demand and must wait for periodic tender offers. They often invest in illiquid or alternative assets such as private equity, real estate, or distressed securities. If the underlying investment is only available to accredited investors, then the fund itself would only be available to accredited investors.

**VARIABLE ANNUITIES RISK:** A variable annuity is a long-term investment primarily designed for retirement or another long-range goal that provides you the opportunity to accumulate assets on a tax-deferred basis. Variable annuities subaccounts are subject to investment risk, and it is possible for the annuity to lose value. Like mutual funds, you bear the investment risk for amounts allocated to the variable subaccounts that make up the underlying product. Therefore, you should consider your ability to sustain investment losses during periods of market volatility. The annuities' prospectus should include information important to your decision to invest, including fees and charges, risks, death benefits, living benefits, and variable annuity income options. There are fees and charges unique to variable annuity products that may be charged outside of your investment advisory fee. Additionally, alternative investment strategies may be available as a variable subaccount. Alternative investments pose unique investment risks. Please review the disclosure for Alternative Investment Risks above.

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### ***Item 9 – Disciplinary Information***

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On September 1, 2021, AEWM entered into a consent order with the Securities Division of the Arizona Corporation Commission settling an administrative action. In this matter, the Arizona Corporation Commission found that AEWM violated A.R.S. § 44-3241(A)(2). In particular, the Arizona Corporation Commission found that AEWM failed to disclose to 240 investment advisory clients (households) that their co-adviser's IAR had various unreported disclosures, and misled clients regarding the reason for the co-adviser's rebranding of their firm. AEWM consented to cease and desist from committing or causing future violations, to an administrative penalty of \$150,000, and to return investment advisory fees in the amount of \$1,159,400.97 to the co-adviser's clients.

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### ***Item 10 – Other Financial Industry Activities and Affiliations***

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#### **Registration of Management Persons with a Broker-Dealer**

David Callanan, our Chief Executive Officer, is a registered representative of Madison Avenue Securities, LLC ("MAS") (CRD # 23224), a broker-dealer affiliated with AEWM. Additionally, Mr. Callanan; Christopher Radford, our President; and Shawn Scholz, our Chief Compliance Officer, are registered representatives of AE Financial Services, LLC ("AEFS") (CRD # 298608), a broker-dealer that is under common control with AEWM.

#### **Related Broker-Dealers**

AEWM is under common control and ownership with the two registered broker-dealers mentioned above, AEFS and MAS. While we do not typically utilize these affiliated broker-dealers when conducting our asset management services, there are instances when your IAR recommends products that are not available through our traditional asset management accounts or when they make recommendations that can be implemented directly with a broker-dealer. In these instances, our principal owners will benefit when the recommended securities are purchased through AEFS or MAS. We address this conflict of interest by: (1) disclosing it to you in this brochure; (2) not requiring you to purchase the recommended securities through AEFS and/or MAS (you may make the purchase through any broker-dealer you choose); and (3)

prohibiting the collection of a retail commission from an affiliated broker-dealer and the assessment of an ongoing management fee by AEWM on the same security. When products are purchased through AEFS or MAS, those entities are responsible for assessing whether such purchases meet the best interest standard.

### **Registered Representative of a Broker-Dealer**

Some of AEWM's IARs are also registered representatives of a securities broker-dealer, such as AEFS or MAS. If you elect to utilize the services of your IAR in their separate capacity as a registered representative of a broker-dealer, you should be aware that they can sell, for commissions, general securities products to you. Your IAR can suggest that you purchase securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment advisory account. The commissions charged by your IAR's broker-dealer may be higher than commissions charged by other broker-dealers. Customarily, the registered representative will also receive periodic payments from a mutual fund company related to purchases of the mutual fund's shares while you maintain the mutual fund investment. Consequently, the objectivity of the advice rendered is biased due to the receipt of commissions and other standard brokerage compensation. We address this conflict of interest by: (1) disclosing it to you in this brochure; (2) not requiring you to purchase any recommended security from a broker-dealer associated with your IAR or AEWM (you may purchase through any broker-dealer you choose); and (3) prohibiting the collection of a commission/mutual fund fee and the assessment of an ongoing management fee by AEWM on the same security. When you purchase products through a broker-dealer, that broker-dealer is responsible for assessing whether such purchases meet the best interest standard.

### **Related Investment Advisers**

MAS (one of the broker-dealers described above) is also an SEC-registered investment adviser. As previously stated, AEWM and MAS are under common control and ownership. MAS utilizes AEWM's platform to assist in providing investment advisory services to MAS clients. MAS compensates AEWM for such services. We do not consider our investment advisory affiliation with MAS to create a material conflict of interest for our AEWM clients. Clients of MAS should refer to its Firm Brochure(s) for a description of conflicts of interest related to MAS.

AEWM is under common control and ownership with Impact Partnership Wealth, LLC ("IPW"), an investment adviser registered with the SEC. IPW utilizes our platform to assist in providing investment advisory services to IPW clients. IPW compensates AEWM for such services. We do not consider our affiliation with IPW to create a material conflict of interest for our AEWM clients. Clients of IPW should refer to its Firm Brochure(s) for a description of conflicts of interest related to IPW.

AEWM is under common control and ownership with Veta Investment Partners, LLC ("VIP"), an investment adviser registered with the SEC. AEWM utilizes VIP as both a Third-Party Manager and a Strategist. When AEWM places a client in a model portfolio managed by VIP, the principal owners of AEWM benefit. We address this conflict of interest by: (1) disclosing it to you in this brochure; (2) subjecting VIP to the same initial and ongoing due diligence processes that we use to evaluate all third-party Strategists; (3) not incentivizing IARs to recommend VIP over other third-party Strategists; (4) not allowing VIP to compensate AEWM or its personnel for client referrals; (5) ensuring that the compensation provided to VIP by AEWM is comparable to the fee provided to similar third-party Strategists; and (6) requiring IARs to make investment recommendations that are in each client's best interest.

### **Related Insurance Marketing Organizations**

AEWM is under common control and ownership with Advisors Excel, LLC ("AE") and Asset Marketing Systems Insurance Services, LLC ("AMSIS"). AE and AMSIS are insurance agencies that market/wholesale life and health insurance and fixed annuities to third-party insurance agents in exchange for a marketing and/or override fee from the product issuer. AEWM IARs, in a separate capacity as insurance agents, utilize the marketing and wholesaling services of AE and AMSIS. When your IAR sells you an insurance product through AE or AMSIS, the principal owners of AEWM benefit. We address this conflict of interest by disclosing it to you in this brochure and ensuring no advisory fee is charged on insurance products/fixed annuities, which are held outside of the advisory relationship, in addition to the commission or fee the representative earns from the sales of those same products. AEWM does not conduct oversight or review

recommendations for these insurance products. The issuing insurance carrier is responsible for reviewing and supervising the sale of an insurance product and suitability of the product as it relates to your financial situation.

AEWM is under common control and ownership with Innovation Design Group, LLC ("IDG"), an insurance agency that provides services to insurance companies concerning the product design and distribution of annuities. IDG has participated in the design of a number of annuities issued by insurance companies that are either distributed exclusively by AE or distributed by a small group of insurance marketing organizations of which AE is a member. When your IAR, in their separate capacity as an insurance agent, sells you an annuity that was designed by or distributed through IDG, the principal owners of AEWM benefit. We address this conflict of interest by disclosing it to you in this brochure and ensuring no advisory fee is charged on an annuity, which are held outside of the advisory relationship, in addition to the commission the representative earns from the sale of those same annuity products.

### **Insurance Agents**

Many of AEWM's IARs serve in a separate capacity as insurance agents, and in that capacity they can sell you life insurance, annuities, and other insurance products. They can receive commissions from insurance companies/carriers for selling their products, and the commissions vary from carrier to carrier. The agents are also eligible to receive incentives, bonuses, and other compensation from insurance companies/carriers/insurance marketing organizations based on and related to insurance transactions. These incentives include, but are not limited to: gifts, meals, entertainment, participation in bonus programs, forgivable loans, reimbursement for training, marketing assistance, educational efforts, advertising, and travel expenses to conferences and events. Consequently, the agent is incentivized to recommend that you purchase insurance products due to the receipt of commissions and other compensation. This creates a conflict or incentive to sell or offer insurance products as compared with investment advisory services or securities recommendations. We address this conflict of interest by disclosing it to you in this brochure and ensuring no advisory fee is charged on insurance products—which are held outside of the advisory relationship—in addition to the commission the representative earns from the sale of those same insurance products. When acting in their capacity as an insurance agent, your IAR is not subject to the fiduciary standards under the Investment Advisers Act of 1940. You are under no obligation to implement any insurance or annuity transaction through your IAR in their capacity as an insurance agent. When you purchase insurance products, the insurance carrier is responsible for assessing whether such purchases meet the best interest standard. Because insurance agents are not subject to the same rules and regulations that apply to IARs, AEWM does not supervise or conduct oversight of this activity.

### **Certified Public Accountants**

Some of AEWM's IARs serve, in a separate capacity, as a CPA by providing tax services to individuals and corporations. As a CPA, these IARs may receive compensation for the tax services they provide their clients. Any fees received through the tax services do not offset advisory fees the client may pay for AEWM's advisory services. Clients can decide whether to engage in services with the CPA firm. As a result, a conflict of interest arises between your interests and AEWM's interests. However, at all times, AEWM and our IARs will act in your best interest and act as fiduciaries in carrying out advisory services to you. Because this is not an advisory service, AEWM does not supervise or conduct oversight of this activity. Any CPA activity performed is separate and distinct and not affiliated with AEWM in any way.

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

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### **Code of Ethics Summary**

AEWM has established a Code of Ethics that applies to all its supervised persons. As a fiduciary, an investment adviser's responsibility includes providing fair and full disclosure of all material facts and to always act solely in the best interest of each of our clients. This fiduciary duty is the core underlying principle for our Code of Ethics, which also covers our Personal Securities Transactions Policies and Procedures. AEWM has the responsibility to ensure that all clients' interests are placed ahead of AEWM's own investment interests. AEWM discloses material facts as well as potential and actual conflicts of interest to clients. AEWM seeks to conduct business honestly, ethically, and fairly 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 AEWM's Code of Ethics. Clients may receive a complete copy of the Code of Ethics upon request.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

At times, AEWM or associated persons of the firm will buy or sell investment products identical to those recommended to clients for their personal accounts. In some instances, such transactions by AEWM or associated persons of the firm will be executed at the same time a transaction in the identical investment product recommended to clients is executed. This creates a conflict of interest. It is the express policy of AEWM that all people associated with our firm in any manner must place clients' interests ahead of their own when implementing personal investments. AEWM 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, from 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 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.

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### ***Item 12 – Brokerage Practices***

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If AEWM assists in the implementation of any recommendations, we are responsible for ensuring that the client receives the best execution for transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that qualitative execution is best. In other words, all conditions considered, the transaction execution must be in your best interest. When considering best execution, we 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

### **Brokerage Recommendations**

To utilize our asset management services, AEWM will require that you establish or maintain a brokerage account with Charles Schwab & Co., Inc. Advisor Services ("Charles Schwab" or "Schwab"), a registered broker-dealer, member SIPC, or Fidelity Institutional Wealth Services and/or its affiliate, National Financial Services LLC (collectively, "Fidelity"). Schwab and Fidelity are members of FINRA/SIPC/NFA. Schwab and Fidelity are independent and unaffiliated registered broker-dealers and will act solely in their broker-dealer capacity and not as an investment adviser to you. They are chosen by AEWM to maintain custody of clients' assets and to affect trades for their accounts. Schwab and Fidelity have no discretion over your account and will act solely on instructions it receives from AEWM.

The primary factor in suggesting a broker-dealer or custodian is that the services of the firm are provided cost-effectively. While the quality of execution at the best price is an important determinant, best execution does not necessarily mean the lowest price, and it is not the sole consideration. The trading process of any broker-dealer and Third-Party Manager chosen or suggested by AEWM must be efficient, seamless, and straightforward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker-dealer.

## Charles Schwab

Schwab provides us access to their institutional trading and custody services, which are typically unavailable to retail investors. We compensate Schwab for their custodial services with a portion of the fee that we charge you. Schwab offers certain securities, including specified equities, mutual funds, and exchange-traded funds, on a no-transaction-fee basis. To the extent purchases/sells of securities in your account qualify for no-transaction-fee pricing, Schwab reduces the fee assessed to AEWM for custodial services. However, AEWM does not lower the investment advisory fee correspondingly charged to you.

Services that we receive from Schwab 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;
- access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

Schwab also makes available to us (or offsets the cost of) other products and services that benefit our firm but have no impact on client 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 duplicate trade confirmation and account statements),
- Provide research, pricing information, and other market data,
- Facilitate payment of the firm's fees from its clients' accounts,
- Assist with back-office functions, record keeping, and client reporting.

Many of these services are generally used to service all or a substantial number of our accounts, including accounts not maintained at Schwab. Schwab also provides other services to help our firm manage and further develop our business enterprise. These services may include:

- Educational conferences and events.
- Consulting on technology and business needs.
- Publications and conferences on practice management.
- Information technology.
- Business succession.
- Regulatory compliance.
- Marketing consulting and support.

These additional benefits are provided at no cost to AEWM or the client. As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Schwab 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 Schwab. This creates a conflict of interest.

The President of AEWM serves on the Schwab Institutional Advisor Panel ("Panel"). The Panel consists of several independent investment advisers who inform and provide feedback to Charles Schwab Institutional ("CSI") on issues relevant to the independent adviser community. The President has been appointed to serve on the Panel for a three-year term by CSI. Charles Schwab does not compensate the President for serving on the Panel but pays or reimburses the President for travel, lodging, and meal expenses the President incurs in attending in-person Panel meetings. The potential

benefits the President or its personnel receive by serving on the Panel do not depend on the amount of brokerage transactions directed to CSI.

### **Fidelity Institutional Wealth Services**

Fidelity provides us with access to institutional trading and custody services, which are typically not available to retail investors. These services 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.

We compensate Fidelity for its custodial services with a portion of the fee that we charge you. Fidelity offers certain securities, including specified equities, mutual funds, and exchange-traded funds, on a no-transaction-fee basis. To the extent purchases/sells of securities in your account qualify for no-transaction-fee pricing, Fidelity reduces the fee assessed to AEWM for custodial services. However, AEWM does not lower the investment advisory fee correspondingly charged to you.

Fidelity also makes available other products and services that benefit us but do not impact client 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,
- Assist with back-office functions, recordkeeping, and client reporting.

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

- Educational conferences and events.
- Consulting, publications, and conferences on practice management.
- Information technology.
- Business succession and transition assistance.
- Regulatory compliance.
- Marketing consulting and support.
- Assistance with client paperwork and other items related to transitions to AEWM.

In addition, Fidelity may make available, arrange, and/or pay for the services rendered to us by independent or related third parties. These additional benefits are provided at no cost to AEWM or the client. 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 RIAs require the client to choose a particular broker-dealer or custodian. By requiring clients to use a particular broker-dealer, AEWM may not achieve the most favorable execution of client transactions. Requiring specific broker-dealers may cost clients more money than if the client used a different broker-dealer or custodian. However, AEWM has decided to require our clients to use broker-dealers and other qualified custodians chosen by AEWM for compliance and operational efficiencies.

### **Training Assistance Received from Service Providers**

AEWM 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 IARs associated with AEWM. Such service providers include (but are not limited to) custodians—such as Schwab 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 AEWM.

### **Soft Dollar Benefits**

Except as described above, AEWM does not receive “soft dollar” benefits, which are research products or services in exchange for commissions generated by transactions in client accounts.

### **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 called aggregating orders, batch trading, or block trading. We aggregate, or block trade, when we believe such action may prove advantageous to clients. 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 to achieve better execution, to negotiate more favorable commission rates, or to allocate orders among clients on a more equitable basis. We do this to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

AEWM uses the average price allocation method for transaction allocation. Under this procedure, AEWM calculates the average price and transaction charges for each transaction included in a block order and assigns them to each allocated transaction executed for the client's account.

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## ***Item 13 – Review of Accounts***

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### **Account Reviews and Reviewers**

Accounts subject to our asset management services are reviewed regularly and at least annually. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include changes to your investment strategy and objectives if necessary and if your situation has changed. Reviews are conducted by the IAR of record and are performed in accordance with your investment goals and objectives.

Generally, our financial planning services terminate upon the presentation of the written plan. Additionally, our financial planning and consulting services do not include monitoring the investments of your account(s).

### **Statements and Reports**

For our asset management services, you will receive transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian. Additionally, AEWM may provide periodic performance reports.

Financial planning clients do not receive any report other than the written plan originally contracted for.

You are encouraged to compare any reports or statements provided by us, a sub-adviser, or Third-Party Manager against the account statements from the qualified custodian. If you have questions about your account statement, contact our firm and the qualified custodian preparing the statement.

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## ***Item 14 – Client Referrals and Other Compensation***

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### **Promoter Arrangements**

AEWM compensates certain non-employee persons and/or entities (individually, a “Promoter” and collectively (“Promoters”) for client referrals. If a Promoter refers a client to AEWM, the Promoter must abide by the requirements of the jurisdiction in which they operate, and AEWM does not conduct oversight or supervise the Promoter’s activities outside of this referral arrangement. The Promoter will provide the client with a document describing AEWM’s relationship with the Promoter, the compensation that AEWM is providing the Promoter, and any material conflicts of interest. You will not pay additional fees because of this referral arrangement. Once an investment management account is established, the Promoter can receive ongoing compensation based on a percentage of the assets under management associated with the account, or they may receive a one-time or flat fee payment. Therefore, a Promoter has a financial incentive to recommend our IARs to you for advisory services.

### **Other Compensation**

AEWM IARs may receive bonuses based on their overall assets under management during a specific period of time. These bonuses could include cash payments and/or qualification for an invitation to networking and business trips. These benefits do not result from achieving sales quotas related to specific product lines. However, these incentives present a conflict of interest, which AEWM addresses by providing disclosures, following procedures, and applying the firm’s fiduciary obligation to each client.

Our IARs, acting in their separate capacities as insurance agents, can receive commissions from insurance companies/carriers for selling their insurance products. The commissions vary from carrier to carrier, and the receipt of these commissions creates a conflict or incentive to sell or offer insurance products as compared with investment advisory services or securities recommendations. The insurance agent can also receive other incentive awards or bonus payments from an insurance company/carrier/insurance marketing organization for selling a targeted number of a specific carrier’s annuity or insurance products. Because insurance agents are subject to a separate regulatory regime from the rules and regulations that apply to IARs, AEWM does not supervise or conduct oversight of the insurance activity.

Our IARs, in their separate capacities as insurance agents, can also earn bonus compensation based on the amount of annuity sales during a specific period of time from AE and/or AMSIS, affiliate companies mentioned above. AE and AMSIS also provide indirect compensation by providing marketing assistance, business development tools, technology, back office/operations support, business succession planning, business conferences, and incentive trips. These incentive programs do not affect the fees that you pay. Although some of these services can benefit a client, other services our IARs obtain from AE or AMSIS, such as marketing assistance, business development, and incentive trips, will not benefit an existing client and are a conflict of interest.

In addition to the compensation discussed above, AEWM and AE have initiated a cash incentive plan. Pursuant to this plan, IARs are eligible to receive cash payments based on a combination of the sale of insurance products through AE and the value of securities managed by AEWM. The methodology used to calculate the cash payment is weighted in favor of insurance products. As a result, your IAR is incentivized to recommend insurance products and raise their overall production to obtain the cash incentive. However, these benefits do not result from achieving sales quotas related to specific product lines.

An affiliate of AEWM owns a minority, non-controlling ownership interest in the financial advisory businesses of certain of its IARs and TPRIAs (an “advisor minority interest”). The IAR or TPRIA maintains control over the day-to-day management of their advisory business. Neither the affiliate nor AEWM have control over or are involved in the day-to-day management of the IAR’s or TPRIA’s advisory business. This affiliate receives income from the advisor minority interest in the form of ownership distributions. AEWM is not an owner of the advisor minority interest and does not receive any ownership income from the advisor’s advisory business.

AEWM and AE offer business loans to IARs on a case-by-case basis. Sometimes, AEWM will forgive a portion or all of such loans based on certain factors, such as the IAR agreeing to remain with AEWM and AE for a specified period.

The cash incentive plan, business loans, and minority investments described above incentivize your IAR to remain associated with AEWM and AE. However, these incentive programs do not affect the fees you pay.

At times, AEWM IARs receive reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements result from attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements result from 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 receiving this compensation instead of what is in a client's best interest. AEWM attempts to control this conflict by instilling a policy that requires our IARs to base their investment decisions on the individual needs of clients.

Although a relatively rare occurrence, AEWM employees can be invited to product-sponsored or product-developer events. This has the potential to create a conflict of interest in that the employee will be incentivized to request that AEWM provide the sponsored or developed product on the AEWM platform for IARs to recommend to their clients.

### **Strategic Sponsors Program**

AEWM receives compensation, known as "revenue sharing," from certain third-party product providers or sponsors ("Strategic Sponsors") for providing marketing support services related to the Sponsor's product(s). Our Strategic Sponsors include various investment-related companies that provide products available on AEWM's platform, including mutual funds, exchange-traded funds, and model portfolios. AEWM's marketing support may include providing Sponsors access to certain information about our business and the opportunity to have more frequent interactions with our IARs through training, marketing support, and educational presentations for the purpose of relationship building and increasing familiarity with their product. In addition to our Strategic Sponsors, there are product sponsors that do not have a revenue-sharing arrangement with AEWM but nevertheless receive similar marketing support treatment.

These revenue-sharing payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets invested in the product, or as a percentage of the management fee on the assets invested in the product. The marketing support agreement with each Sponsor will indicate the payment terms details. The revenue received from Sponsors helps AEWM fund the cost of conducting due diligence on product providers, hosting seminars or educational events, providing services to advisers, maintaining accounts, and offering an investment platform for our clients. Strategic Sponsors pay AEWM out of their assets, revenues, or earnings, so there is no additional charge to you.

We want you to understand that AEWM's receipt of revenue-sharing payments on assets within specific investment advisory programs or products creates an inherent conflict of interest for AEWM. These revenue-sharing payments incentivize AEWM to favor products from Sponsors that pay revenue-sharing over other products or issuers. Additionally, your Investment Adviser Representative ("IAR") receives an indirect benefit due to AEWM's receipt of these payments through the IAR's invitation to, and/or attendance at, sponsored conferences or seminars and additional education from the Sponsors, as mentioned above. The marketing and educational activities paid for by the Sponsor could lead the IAR to focus more on the Sponsor's products. However, no revenue-sharing payments are made to the IAR who recommends these products to you. Therefore, your IAR has no direct financial incentive to recommend a Strategic Sponsor's product to you. Additionally, your IAR is required by regulation and AEWM policy to make recommendations solely in your best interest. Regardless, product recommendations to any customer are reviewed and approved by internal supervisors who do not have a financial incentive to favor any product or Sponsor and who are also required to act solely in your best interest.

For additional information on a particular Strategic Sponsor, please review the Sponsor's statement of additional information or ADV 2A Firm Brochure. A full list of our Strategic Sponsors may be found at [www.aewealthmanagement.com](http://www.aewealthmanagement.com).

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### ***Item 15 – Custody***

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Custody means having access or control over client funds and/or securities. Custody is not limited to physically holding client funds and securities. Under the Advisers Act, if an investment adviser can access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. Regulators do not deem authorization to trade in client accounts to be custody. AEWM does not have physical custody of any client funds and/or securities and does not take physical custody of client accounts at any time. However, AEWM is deemed to have limited custody of client funds and securities whenever a client gives AEWM authority to (1) have fees deducted directly from client accounts or (2) act upon Standing Letters of Authorization for transfers of funds or securities to a pre-designated third-party or account. 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 AEWM. If you have questions about your account statements, you should contact AEWM or the qualified custodian preparing the statement.

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### ***Item 16 – Investment Discretion***

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When providing asset management services, AEWM 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 advisory services agreement with AEWM. We can determine the type and number of securities that will be bought or sold for your portfolio without obtaining your consent for each transaction. Nevertheless, you can place reasonable restrictions on the types of investments purchased in your account.

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### ***Item 17 – Voting Client Securities***

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AEWM does not vote proxies on behalf of clients. Therefore, you are responsible for voting all proxies for securities held in your account. You will receive proxies directly from the qualified custodian or transfer agent. Although we do not vote proxies, AEWM may provide limited clarifications of the issues based on AEWM's understanding of the issues presented in the proxy-voting materials. If you have a question about a particular proxy, contact the custodian or transfer agent directly.

When you engage a TPRIA to manage your portfolio, where permissible, you may grant your TPRIA discretion to vote proxies concerning any securities purchased or held in your account. In such cases, all proxy and legal proceedings information and documents AEWM receives relating to the securities in a TPRIA Program account will be forwarded to your TPRIA. AEWM will not have or accept the authority to vote proxies on behalf of TPRIA Program Clients.

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### ***Item 18 – Financial Information***

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Item 18 does not apply to AEWM as we do 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. Also, we are not subject to a financial condition reasonably likely to impair our ability to meet contractual commitments to clients. Finally, AEWM has never been the subject of a bankruptcy petition.



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[aewealthmanagement.com](http://aewealthmanagement.com)

**Form ADV Part 2A Appendix 1  
Wrap Fee Program Brochure**

Date of Brochure:  
March 31, 2025

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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 “AEWM” 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](mailto: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 SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

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## ***Item 2 – Material Changes***

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This section discusses material changes that have been made to this Brochure since the last annual amendment. Throughout the brochure, all of the various named entities, advisers, and managers have been shortened to acronyms in an attempt to make the document easier to read. The last amendment was on March 29<sup>th</sup>, 2024, and since that time, the following material changes have been made:

### **Item 6 – Portfolio Manager Selection and Evaluation**

- Additional “risk of loss” types were added, as applicable.
- Added and/or amended language regarding potential conflicts related to employee and/or investment advisor attendance at sponsored events.
- Edited language throughout to be more precise and to add clarity.

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### Item 3 – Table of Contents

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<b>Item 2 – Material Changes .....</b>	<b>2</b>
<b>Item 3 – Table of Contents .....</b>	<b>3</b>
<b>Item 4 – Services, Fees, and Compensation .....</b>	<b>5</b>
<i>General Description of Our Firm .....</i>	<i>5</i>
<i>Description of Advisory Services .....</i>	<i>5</i>
Model Portfolio Solutions .....	5
Direct Asset Management Services .....	6
Third-Party Adviser Program.....	6
<i>Fees and Compensation for Asset Management Services.....</i>	<i>7</i>
<i>Fees for Other Services .....</i>	<i>9</i>
Financial Planning and Consulting Fees.....	9
TPRIA Program Fees.....	9
Retirement Plan Service Fees .....	10
<i>Treatment of Mutual Fund Share Classes .....</i>	<i>10</i>
<i>Treatment of No Transaction Fee Securities .....</i>	<i>11</i>
<i>Brokerage Recommendations.....</i>	<i>11</i>
Charles Schwab .....	11
Fidelity Institutional Wealth Services.....	12
<i>Directed Brokerage .....</i>	<i>13</i>
<i>Soft Dollar Benefits .....</i>	<i>13</i>
<i>Training Assistance Received from Service Providers .....</i>	<i>13</i>
<i>Block Trading Policy.....</i>	<i>14</i>
<i>Additional Compensation, Economic, and Non-Economic Benefits .....</i>	<i>14</i>
<b>Item 5 – Account Requirements and Types of Clients.....</b>	<b>14</b>
<i>Minimum Account Size.....</i>	<i>14</i>
<i>Types of Accounts.....</i>	<i>14</i>
<b>Item 6 – Portfolio Manager Selection and Evaluation .....</b>	<b>15</b>
<i>General Description of Other Advisory Services .....</i>	<i>16</i>
<i>Financial Planning &amp; Consulting Services .....</i>	<i>16</i>
<i>ERISA Retirement Plan Services.....</i>	<i>16</i>
<i>Disclosure Regarding Rollover Recommendations .....</i>	<i>17</i>
<i>Self-Directed Brokerage Accounts .....</i>	<i>18</i>
<i>Client-Directed Accounts.....</i>	<i>18</i>
<i>Tailor Advisory Services to the Individual Needs of Clients.....</i>	<i>19</i>
<i>Performance-Based Fees and Side-By-Side Management.....</i>	<i>19</i>
<i>Methods of Analysis .....</i>	<i>19</i>
<i>Investment Strategies .....</i>	<i>21</i>
<i>Risk of Loss.....</i>	<i>22</i>
<i>Voting Client Securities .....</i>	<i>28</i>
<b>Item 7 – Client Information Provided to Portfolio Managers .....</b>	<b>28</b>
<b>Item 8 – Client Contact with Portfolio Managers .....</b>	<b>28</b>

<b>Item 9 - Additional Information .....</b>	<b>28</b>
<i>Disciplinary Information .....</i>	<i>28</i>
<i>Registration of Management Persons with a Broker-Dealer .....</i>	<i>29</i>
<i>Related Broker-Dealers .....</i>	<i>29</i>
<i>Registered Representative of a Broker-Dealer .....</i>	<i>29</i>
<i>Related Investment Advisers .....</i>	<i>29</i>
<i>Related Insurance Marketing Organizations .....</i>	<i>30</i>
<i>Insurance Agents .....</i>	<i>30</i>
<i>Certified Public Accountants .....</i>	<i>30</i>
<i>Code of Ethics Summary .....</i>	<i>31</i>
<i>Affiliate and Employee Personal Securities Transactions Disclosure .....</i>	<i>31</i>
<i>Account Reviews .....</i>	<i>31</i>
<i>Account Statements and Reports .....</i>	<i>32</i>
<i>Client Referrals/Promoters Agreements .....</i>	<i>32</i>
<i>Other Compensation .....</i>	<i>32</i>
<i>Strategic Sponsors Program .....</i>	<i>33</i>
<i>Financial Information .....</i>	<i>34</i>

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## ***Item 4 – Services, Fees, and Compensation***

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### **General Description of Our Firm**

AE Wealth Management, LLC (“AEWM”) is an investment adviser registered (“RIA”) with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company formed under the laws of the State of Kansas. AEWM filed its initial application to become registered as an investment adviser on February 17, 2016. The principal owners of AEWM are DDC Holdings, LLC, the Karlun M. Callanan 2016 Irrevocable Trust A, and 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 described in this disclosure brochure are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative (“IAR”). Typically, your IAR is not an employee of AEWM; rather, they are typically an independent contractor of AEWM. Your IAR is limited to providing services and charging asset management fees in accordance with the descriptions detailed in this brochure and in our policies and procedures. Your IAR is generally allowed to set investment management fees within a range prescribed by AEWM. As a result, the rates actually charged by two different AEWM IARs may vary for similar services.

AEWM 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 investment advisory services 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.

### **Model Portfolio Solutions**

AEWM offers model portfolio selection services, which allows us to exercise discretion to implement a specialized investment strategy that is managed either by AEWM, a third-party portfolio provider (individually, a “Strategist” and collectively “Strategists”), or a third-party investment manager (individually, a “Third-Party Manager” and collectively “Third-Party Managers”). Additionally, IARs that meet certain requirements are allowed to develop their own model portfolios (individually, an “Advisor Managed Model” and collectively “Advisor Managed Models”). These models are approved by the AEWM Chief Investment Officer prior to being made available to clients and are reviewed upon request for update. An IAR will assist you in completing a client profile questionnaire and will review the information you provide. They will then select the model portfolio(s) that aligns with your disclosed financial circumstances, risk tolerance, and investment objectives. AEWM will exercise its 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). In some instances, we will recommend a Third-Party Manager that exercises discretionary authority for the day-to-day management of the assets allocated to it by AEWM or by you in a separately managed account. The Third-Party Manager will directly trade the securities it selects for the account based on the applicable investment strategy.

We will be available to answer questions regarding your account. We will be able to select the model portfolio(s) and reallocate funds from or to the model portfolio(s) and funds in other accounts over which you have granted us discretionary authority. There are other model portfolios not recommended by our firm that could be appropriate for you and that are less costly than those recommended by our firm. There are no guarantees that your financial goals or objectives will be achieved through the Model Portfolio Solutions program or by a recommended/selected model portfolio. Further, no performance guarantees can ever be offered by our firm. Please refer to sections Methods of Analysis, Investment Strategies and Risk of Loss of *Item 6 – Portfolio Manager Selection and Evaluation* for more details.

## Direct Asset Management Services

When direct asset management services are utilized, AEW, in coordination with your IAR, will individually select the securities held in your account on a discretionary basis. As part of this service, we can buy or sell securities on your behalf without your prior permission for each transaction. Nevertheless, you will be able to impose restrictions on the management of your account, including the ability to instruct us not to purchase or sell certain securities.

We will need to obtain certain information from you regarding your financial situation, investment objectives, and risk tolerance so that we may manage your account according to those factors. As part of this process, an IAR will assist you in completing a client profile questionnaire and will review the information you provide. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, and/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 AEW is unique. As a result, advice to another client or actions taken for them or for our personal accounts can differ from the advice we provide to you or the actions we take 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 can 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, we may not lawfully use or disclose this information. We will also not allow our clients to use this information.

## Third-Party Adviser Program

AEW also provides services to other registered investment advisory firms (each, a "Third-Party Registered Investment Adviser" or "TPRIA") as a sub-adviser pursuant to a written agreement under our Third-Party Registered Investment Adviser Program ("TPRIA Program"). TPRIA Program accounts are not managed by AEW.

AEW does not provide oversight or supervision of the TPRIA and the TPRIA is solely responsible for complying with all federal and state rules and regulations. If you are an investment advisory client of a TPRIA ("TPRIA Program Client") based on a written investment advisory services agreement between you and your TPRIA, you will typically complete a form or otherwise provide information to your TPRIA to enable the identification of your financial situation, risk tolerance, and investment objectives. You will typically provide information to your TPRIA regarding your investment experience, anticipated need for liquidity, potential timing of the need for retirement funds, and other investment needs and parameters. This information will assist you and your TPRIA in selecting which risk and/or return strategy or strategies is/are most closely aligned with your investment goals. For example, you and your TPRIA may choose to invest in one or more model portfolios or other investment products managed by your TPRIA, AEW, or other Third-Party Managers or Strategists. As part of the TPRIA Program, AEW provides related administrative services including, but not limited to, account opening, fund transfers, and securities trading as directed by the TPRIA; access to services that facilitate the management and administration of model portfolios offered by a Third-Party Manager; access to various financial planning, account monitoring and reporting tools; and conducting client billing/fee deduction on the TPRIA's behalf.

Your TPRIA remains responsible for providing advice, monitoring your selected strategy, and recommending any changes to you throughout the duration of your relationship. AEW's responsibility is to implement the strategy chosen by you and your TPRIA. AEW does not advise you about potential changes to your strategy.

In these cases, AEWM does not make investment decisions on behalf of these accounts but may provide a portfolio or strategy that your TPRIA may use to invest your accounts. Your TPRIA is solely responsible for their investment advisory relationship with you in accordance with your investment advisory services agreement and your TPRIA's disclosure documents. Your TPRIA is responsible for ensuring that it complies with all applicable statutes, regulations, and rules. Furthermore, your TPRIA is solely responsible for assessing whether any instructions provided to AEWM regarding the selection of a model portfolio or strategy administered by or through AEWM, the purchase of a security, or the sale of a security meet the appropriate standards.

In our role as a sub-adviser, AEWM will not provide you with individualized investment advice or recommendations or review any advice or recommendation made to you by your TPRIA. AEWM does not review your financial situation, risk tolerance, or investment objective information when implementing a strategy your TPRIA has selected.

Your TPRIA may provide additional or other services to you which are not described in this brochure. You should read and review your TPRIA's investment advisory services agreement and your TPRIA's ADV Part 2A Brochure(s) for information regarding services provided by your TPRIA.

Products available to TPRIAs through AEWM require discretionary authority to trade securities, cash, or other investment vehicles. These products include and are not limited to, model portfolios managed by AEWM or by a Third-Party Manager or Strategist and administered by AEWM. If you are a TPRIA client and have instructed your TPRIA to invest in one of these products, your TPRIA must have discretionary authority to conduct these transactions. In addition, your TPRIA must have sufficient discretionary authority to carry out transactions required to administer your account in accordance with your agreement with the TPRIA. These transactions include but are not limited to, fee billing, trade correction, and other general account maintenance. Your TPRIA must delegate this authority to AEWM so we can administer your account per its agreement with your TPRIA. Otherwise, we will execute trades on your account only upon instructions provided by your TPRIA.

From time to time, the Third-Party Manager or Strategist of a model portfolio may add, remove, or change the composition and relative allocation of the individual securities or other investment vehicles within a model portfolio to maintain consistency with the stated discipline or strategy for the model portfolio (a "Rebalancing Event"). Rebalancing Events generally require the trading of such securities or other investment vehicles for all accounts invested in the model portfolio and do not constitute individual investment advice or a recommendation to you. AEWM will utilize discretion, as described above, to administer a Rebalancing Event.

### **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 account's average daily balance 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 and 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. Cash placed in a model will be included in the billing; non-modelized cash will not. The services under this program continue in effect until terminated by either party by providing written notice of termination to the other party. AEWM will promptly refund any prepaid, unearned fees to you.

Fees for investment management services are negotiable by your IAR 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 IAR, the total amount of assets under management for the client,

and the portfolio(s) chosen. AEWM may offer and make available an advisory fee discount for IARs, employees of IARs, employees of AEWM, and employees of Advisors Excel when accounts are managed by AEWM. Advisors Excel, an insurance marketing organization under common control and ownership with AEWM, is further described in the Related Insurance Marketing Organizations section of *Item 9 - Additional Information*.

Based upon the above negotiability factors, your IAR 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 AEWM and sometimes a portion attributable to the manager of the selected model portfolio (if applicable). Typically, the Strategist'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 AEWM (including the asset-based custodial fee) and an allocation of 0.00% to 0.50% to the manager of the selected model portfolio (Strategist). The proceeding is for illustrative purposes only. The annual fee AEWM charges will be specified in your investment advisory services agreement. When your IAR manages their own model portfolios, a portion of your investment advisory fee is not allocated to a Strategist. However, AEWM does not require your IAR to lower your overall fee in such circumstances. As a result, your IAR is incentivized to select model portfolios they manage instead of those managed by Third-Party Managers or Strategists. We address this conflict of interest by disclosing it to you in this brochure and requiring IARs to make investment recommendations in each client's best interest. The rationale for not requiring your IAR to lower your fees is that your IAR incurs expenses related to the management of these Advisor Managed Models.

Additionally, your IAR is incentivized to use certain models when using AEWM Direct Indexing products since AEWM waives account fees charged to the IAR for accounts exclusively using those models in their benchmarking. These fee waivers are not available when choosing AE Direct Flex with Tax Harvesting, one of the AEWM Direct Indexing products. In such circumstances, AEWM does not require your IAR to lower your overall fee. Additionally, AEWM charges an asset-based fee to cover the cost of our internal team actively monitoring the call-writing overlay strategy for our Strategic Index Enhanced Yield Model and our AE Direct Flex strategy. More information about those strategies can be found in *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss*.

AEWM believes that its annual fee is reasonable in relation to services provided and the fees charged by other investment advisers offering similar services/programs. However, our annual fee may be higher than that of 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).

In most circumstances, 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 your account's qualified custodian(s) to deduct fees from your account and pay such fees directly to AEWM. If more convenient for you, you can require that AEWM charge your IAR's investment advisory fees to a single, designated account. However, keep in mind that your custodian will rely on AEWM's instructions to charge the designated account and will have no responsibility to confirm those instructions with you or verify the amount or timing of investment advisory fees charged to the designated account. Additionally, collecting a fee for a taxable account out of a non-taxable account typically constitutes a taxable event and may be subject to a penalty. Please consult with a tax advisor if you wish to charge all fees to a single advisory account.

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. AEWM has the discretion to bill you for fees incurred instead of deducting the fees from your account.

AEWM or you may terminate the investment advisory services agreement immediately upon written notice to the other party. 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 provided during the final period. Upon

termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of a client's death or disability, AEWM will continue managing the account until we are notified of the client's death or disability. At that point, we will freeze the account until we have received the appropriate documentation to update the account or transfer it to the client's beneficiaries. If the account is later in good order, we will resume management.

If you are an investment advisory client of AEWM, asset management services are only offered through a wrap fee program. Therefore, you will generally only pay fees based on assets under management and, in most circumstances, you will not pay a separate commission, ticket charge, or custodial fee for the execution of transactions in your account. If there is a low number of trades/transactions in your account(s) that is managed by AEWM, it is likely that the wrap fee will accrue more expenses than an account that is charged on a transactional basis.

In addition to the fees described above, you may incur certain charges imposed by third parties other than AEWM in connection with investments made through your account. These fees include, but are not limited to, charges imposed directly by a mutual fund (e.g. 12b-1 trails), index fund, fee-based variable annuity, or exchange-traded fund which shall be disclosed on the fund's prospectus, mark-ups and mark-downs, spreads paid to market makers, surrender charges, IRA and qualified retirement plan fees, regulatory fees assessed by the SEC and/or FINRA, fees (such as a commission or markup) for trades executed away from our custodians at another broker-dealer, wire transfer fees, and other fees and taxes on brokerage accounts and securities transactions. The markups and markdowns, bid-ask spreads, and selling concessions are related to your custodian acting as a principal. Principal transactions contrast with transactions in which the custodian acts as your agent in affecting trades. Markups and markdowns and bid-ask spreads are not separate fees but are reflected in the net price at which a trade order is executed. You will also pay costs imposed by third parties, such as transfer taxes, odd-lot differentials, certificate delivery fees, reorganization fees, and any other fees required by law. AEWM management fees are separate and distinct from fees and expenses charged by investment company securities recommended to you. A description of these fees and expenses is available in each investment company's prospectus. Additionally, you can find more information on these fees on our custodian's websites. For fee information for Fidelity, click [here](#). For fee information for Schwab, click [here](#).

Lower fees for comparable services may be available from other sources.

## **Fees for Other Services**

### **Financial Planning and Consulting Fees**

AEWM provides financial planning and consulting services under hourly- and fixed-fee arrangements. Financial Planning and Consulting Services are offered outside of our wrap fee program. Therefore, you pay separate commissions, ticket charges, and custodian fees if you implement recommended transactions away from IPW. For more information about fees, services, and termination of those services, please refer to *Items 4 and 5 – Advisory Business and Fees and Compensation*, respectively, in the AEWM Firm Brochure.

### **TPRIA Program Fees**

If you are a TPRIA Program Client, your TPRIA will determine whether IPW's services are provided to you on a wrap fee or non-wrap fee basis. If services are provided on a non-wrap fee basis, you will pay separate commissions, ticket charges, and custodian fees for the execution of transactions in your account. These charges will be in addition to the investment management fee that you pay us and your primary adviser. If a non-wrap fee account is utilized, the execution of our investment strategies at times results in significant fees for small-dollar transactions and/or short-term mutual fund redemptions. The Platform Fee will be billed to the TPRIA by AEWM. Any fees assessed to the TPRIA's client account will not exceed that which is stated and agreed upon by the TPRIA and their client in the TPRIA's client agreement.

## Retirement Plan Service Fees

AEWM provides Retirement Plan Services to retirement Plan Sponsors. Fees for retirement plan services, provided to ERISA Plan Sponsors, are negotiated by the IAR and the Plan Sponsor. A Plan Sponsor's agreement with the recordkeeper will determine the frequency at which fees are paid. For example, fees may be calculated and billed quarterly; however, some recordkeepers may calculate and bill more frequently. If you are a Plan Sponsor and have questions about your recordkeeper's pay schedule, please refer to your IAR or your agreement with the recordkeeper.

### **Treatment of Mutual Fund Share Classes**

Mutual funds often offer multiple share classes with differing internal fee and expense structures. AEWM endeavors to identify and utilize the share class with the lowest internal fee and expense structure for each mutual fund. However, instances occur in which the lowest cost share class is not used. These instances include but are not limited to:

- Instances in which a certain custodian has a share class available that has a lower internal fee and expense structure than is available for the same mutual fund at other custodians: In such instances, AEWM will select the lowest cost share class available at the custodian that holds your account even though a lower-cost share class is available at another custodian.
- Instances in which the custodian that holds your account offers others a share class with a lower internal fee and expense structure than what is available to AEWM at the same custodian: In such instances, AEWM will select the lowest cost share class that the custodian makes available to AEWM. This situation sometimes occurs because the custodian places conditions on the availability of the lower cost share class that AEWM has determined are not appropriate to accept due to additional costs imposed by said conditions.
- Instances in which a share class with a lower internal fee and expense structure becomes available after the share class you hold was purchased: AEWM periodically monitors for this circumstance. However, a share class with a lower internal fee may become available between the time of your purchase and AEWM's next review. If during that review AEWM determines a lower share class is available, we request the custodian convert the mutual fund share to the lower class.
- Instances in which a share class with a lower internal fee and expense structure than the share class you currently hold is available at your custodian, but there are limitations as it relates to share class eligibility, custodian restrictions, or additional fees/taxes that the conversion would trigger: AEWM cannot convert to a share class with a lower internal fee and expense structure if the account is ineligible (e.g., the fund company only allows certain types of registration types to use the share class or the account doesn't meet the investment minimum for the share class) or if the fund company won't accept a conversion if the share amount is too small. In the event a share amount is too small, AEWM liquidates the position and deposits the cash back into the account. AEWM also cannot convert to a lower internal fee and expense structure if the custodian will not allow it (e.g., custodial restrictions). Also, AEWM does not convert to a share class with a lower internal fee and expense structure if the conversion will cause a taxable event or other expense/cost to you that negates the advantage of the lower cost share class.
- Instances in which a Strategist selects a share class for inclusion in a model that is not the lowest cost share class available: Whenever possible, AEWM works with Strategists to ensure they are selecting the lowest cost share class available for inclusion in their model portfolios. However, certain Strategists make their investment selections without any input from AEWM. In such cases, AEWM implements the models as directed by the Strategist and does not screen for the lowest mutual fund share class available.
- Instances in which you are a TPRIA Program Client: In such circumstances, AEWM implements the mutual fund selection instructions provided by your TPRIA and does not screen for the lowest mutual fund share class available.

- Instances in which you make your own investment selections in a Client-Directed Account: In such circumstances, AEWB does not screen for the lowest mutual fund share class available.

### **Treatment of No Transaction Fee Securities**

Certain securities qualify for no transaction fee pricing (i.e., \$0.00 commissions) with our custodians. If you receive services on a wrap fee basis and participate in transactions that qualify for no transaction fee pricing, please know that AEWB does not require your IAR to lower their fee. AEWB may receive favorable pricing on specific securities offered at our custodians for trading ETFs and individual equities. For services you receive through our wrap fee programs, we may compensate the custodian(s) for their custodial services with a portion of the fee we charge you. Depending on the products you hold in your account, AEWB sometimes does not incur custodial service fees from the custodian. If AEWB does not incur custodial fees, no additional discounts are applied to the fees you pay AEWB. Additionally, an investment in a no transaction fee mutual fund does not necessarily mean that the investment is in that mutual fund's lowest share class, nor will it necessarily be the lowest cost option when comparing funds and classes.

### **Brokerage Recommendations**

To utilize our asset management services, AEWB will require that you establish or maintain a brokerage account with Charles Schwab & Co., Inc. Advisor Services ("Charles Schwab" or "Schwab"), a registered broker-dealer, member SIPC, or Fidelity Institutional Wealth Services and/or its affiliate, National Financial Services LLC (collectively, "Fidelity"). Schwab and Fidelity are members of FINRA/SIPC/NFA. Schwab and Fidelity are independent and unaffiliated registered broker-dealers and will act solely in their broker-dealer capacity and not as an investment adviser to you. They are chosen by AEWB to maintain custody of clients' assets and to affect trades for their accounts. Schwab and Fidelity have no discretion over your account and will act solely on instructions they receive from AEWB.

The primary factor in suggesting a broker-dealer or custodian is that the services of the recommended firm are provided cost-effectively. While the quality of execution at the best price is an important determinant, best execution does not necessarily mean the lowest price, and it is not the sole consideration. The trading process of any broker-dealer and Third-Party Manager chosen or suggested by AEWB must be efficient, seamless, and straightforward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker-dealer.

### **Charles Schwab**

Charles Schwab provides us access to their institutional trading and custody services, which are typically unavailable to retail investors. We compensate Schwab for their custodial services with a portion of the fee that we charge you. Schwab offers certain securities, including specified equities, mutual funds, and exchange-traded funds, on a no-transaction-fee basis. To the extent purchases/sells of securities in your account qualify for no-transaction-fee pricing, Schwab reduces the fee assessed to AEWB for custodial services. However, AEWB does not lower the investment advisory fee correspondingly charged to you.

Services that we receive from Schwab 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;
- access to mutual funds that generally require significantly higher minimum initial investments or are generally

only available to institutional investors.

Schwab also makes available to us (or offsets the cost of) other products and services that benefit our firm but have no impact on client 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 duplicate trade confirmation and account statements).
- Provide research, pricing information, and other market data.
- Facilitate payment of the firm's fees from its clients' accounts.
- 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 Schwab. Schwab also provides other services to help our firm manage and further develop our business enterprise. These services may include:

- Educational conference and events.
- Consulting on technology and business needs.
- Publications and conferences on practice management.
- Information technology.
- Business succession.
- Regulatory compliance.
- Marketing consulting and support.

These additional benefits are provided at no cost to AEWM or the client. As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Schwab 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 Schwab. This creates a conflict of interest.

The President of AEWM serves on the Schwab Institutional Advisor Panel ("Panel"). The Panel consists of several independent investment advisers who inform and provide feedback to Charles Schwab Institutional ("CSI") on issues relevant to the independent adviser community. The President has been appointed to serve on the Panel for a three-year term by CSI. Charles Schwab does not compensate the President for serving on the Panel but pays or reimburses the President for travel, lodging, and meal expenses the President incurs in attending in person Panel meetings. The potential benefits the President or its personnel receive by serving on the Panel do not depend on the amount of brokerage transactions directed to CSI.

### **Fidelity Institutional Wealth Services**

Fidelity provides us with access to institutional trading and custody services, which are typically not available to retail investors. These services 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.

We compensate Fidelity for its custodial services with a portion of the fee that we charge you. Fidelity offers certain securities, including specified equities, mutual funds, and exchange-traded funds, on a no-transaction-fee basis. To the extent purchases/sells of securities in your account qualify for no-transaction-fee pricing, Fidelity reduces the fee assessed to AEWM for custodial services. However, AEWM does not lower the investment advisory fee correspondingly charged to you.

Fidelity also makes other products and services available that benefit us but may not benefit our client 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,
- 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 other services available to help us manage and further develop our business. These services may include:

- Educational conferences and events.
- Consulting, publications, and conferences on practice management.
- Information technology.
- Business succession and transition assistance.
- Regulatory compliance.
- Marketing consulting and support.
- Assistance with client paperwork and other items related to transitions to AEWM.

In addition, Fidelity may make available, arrange, and/or pay for the services rendered to us by independent or related third parties. These additional benefits are provided at no cost to AEWM or the client. 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 RIAs require the client to choose a particular broker-dealer or custodian. By requiring clients to use a particular broker-dealer, AEWM may not achieve the most favorable execution of client transactions. Requiring specific broker-dealers may cost clients more money than if the client used a different broker-dealer or custodian. However, AEWM has decided to require our clients to use broker-dealers and other qualified custodians chosen by AEWM for compliance and operational efficiencies.

### **Soft Dollar Benefits**

Except as described above, AEWM does not receive “soft dollar” benefits, which are research products or services in exchange for commissions generated by transactions in client accounts.

### **Training Assistance Received from Service Providers**

AEWM 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 IARs associated with AEWM. Such service providers include (but are not limited to) custodians—such as Schwab 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 AEWM.

## **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 called aggregating orders, batch trading, or block trading. We aggregate or block trade when we believe such action may prove advantageous to clients. When we aggregate client orders, allocating securities among client accounts is done fairly and equitably. Typically, the process of aggregating client orders is done to achieve better execution, to negotiate more favorable commission rates, or to allocate orders among clients on a more equitable basis. We do this to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

AEWM uses the average price allocation method for transaction allocation. Under this procedure, AEWM calculates the average price and transaction charges for each transaction included in a block order and assigns them to each allocated transaction executed for the client's account.

## **Additional Compensation, Economic, and Non-Economic Benefits**

Our IARs can sell securities in their separate capacities as registered representatives of a broker-dealer, if appropriately registered. In addition, they may sell insurance products in their capacities as independent insurance agents for sales commissions, if appropriately licensed. Please refer to *Item 9 – Additional Information* 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 IARs may involve investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12b-1 fees. However, AEWM and our IARs, when holding mutual funds in our Direct Asset Management Services Program or Model Portfolio Solutions program, generally do not receive any portion of the 12b-1 fees paid. Additionally, neither AEWM nor your IAR receive other compensation, such as commissions, loads, and trails in these transactions.

You are never obligated to the broker-dealer(s) affiliated with our IARs or to purchase investment products through our IARs. You have the option to purchase investment products through other brokers or advisers that are not affiliated with AEWM.

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## ***Item 5 – Account Requirements and Types of Clients***

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### **Minimum Account Size**

AEWM's guidelines typically require a minimum of \$10,000 to open an account. Exceptions may be granted to this minimum if approved by both your IAR and AEWM.

### **Types of Accounts**

AEWM 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 investment advisory services agreement with AEWM to establish a client arrangement with AEWM.

The TPRIA Program is offered exclusively through TPRIAs, and as such, AEWM accepts any Client for whom the TPRIA deems the TPRIA Program appropriate.

As of February 28, 2025, we have regulatory assets under management in the amount of \$37,525,706,084.64, which we manage on a discretionary basis. We currently do not manage any client assets on a non-discretionary basis. Additionally, we have \$1,474,756,631.32 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 \$39,000,462,714.96.

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### ***Item 6 – Portfolio Manager Selection and Evaluation***

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AEWM reviews each third-party portfolio manager (individually, a “Strategist” and collectively “Strategists”) before selecting them to be included in our program. We also conduct periodic reviews to ensure the Strategist is still suitable for our programs. We call these processes “due diligence.” To assist us in conducting our due diligence and selection of both Strategists and specific Model Portfolios, we may utilize the services of a third-party diligence provider. If a third-party diligence provider is used, our Chief Investment Officer conducts periodic diligence on the provider. Each Strategist is evaluated based on information provided by the Strategist, including descriptions of its investment process, asset allocation strategies employed, sample portfolios to review securities selections, and the Strategist’s Form ADV Part 2A Disclosure Brochure (if applicable).

We often request, but do not require, that Strategists adhere to GIPS/CFA Institute standards, and every attempt is made to obtain performance information that is calculated uniformly and consistently. Certain Strategists 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 rare instances 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 Strategist recommended by AEWM is screened and selected using several criteria, including but not limited to:

- Compelling business/investment reason to add Strategist or particular investment strategy.
- Consistent, repeatable investment process of Strategist.
- Consistent performance compared to peers or appropriate benchmark.
- Stable firm and investment team.

Factors that determine the change of a Strategist may include the following:

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

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

- Strategist’s Form ADV and accompanying documents.
- Strategist’s website and other publicly available information.
- SEC website.
- Third-Party due diligence information (if applicable).

Additionally, IARs that meet certain requirements can develop Advisor Managed Models and offer them to clients. These models are approved by the AEWM Chief Investment Officer before being available to clients and are reviewed upon

request for update.

### **General Description of Other Advisory Services**

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

### **Financial Planning & Consulting Services**

AEWM 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 of 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 (individually, a “CPA” and collectively “CPAs”). When providing financial planning and consulting services, the role of your IAR is to find ways to help you understand your overall financial situation and help you set financial objectives. Your IAR will rely on the information provided by you. Therefore, issues and information not provided will not be considered when your IAR develops their analysis and recommendations under a written financial plan.

We also offer consultations to discuss financial planning issues when you do not need a written financial plan. We offer a consultation covering 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 requested 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.

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 are solely responsible for determining whether to implement our financial planning and consulting recommendations. If you would like to implement any of our investment recommendations through AEWM or retain us to actively monitor and manage your investments, you must execute a separate written investment advisory services agreement with AEWM.

### **ERISA Retirement Plan Services**

The Employee Retirement Income Security Act of 1974 (“ERISA”) is the law governing the operation of employee benefit plans. AEWM provides investment advisory and consulting services to Plan Sponsors of ERISA plans under Sections 3(21) and 3(38) of ERISA (“3(21) Service” and “3(38) Service,” respectively, collectively the “Services”). When providing services to a Plan Sponsor, the Plan Sponsor is the client. We provide services only to the Plan Sponsor or to the Plan Sponsor with respect to the Plan Sponsor’s responsibilities to the Plan and not, as part of these services, to any Plan Participant(s). Services provided to Plan Sponsors will be outlined in a separate written agreement between AEWM and the Plan Sponsor.

AEWM acknowledges that to the extent the services to a Plan subject to ERISA constitute “investment advice” to the Plan for compensation, AEWM will be deemed a “fiduciary” as such term is defined under Section 3(21)(A)(ii). AEWM provides ongoing investment monitoring and investment recommendation services or other agreed-upon services in the agreement with the Plan Sponsor. Accordingly, we acknowledge our fiduciary status only with respect to the provision of services described in the agreement. Under the 3(21) Service, AEWM does not have investment discretion and does not have the power to manage, acquire, or dispose of any plan assets and is not an “investment manager” as defined in Section 3(38) of ERISA. Additionally, the Plan Sponsor retains ultimate decision-making authority for the investments and may accept

or reject the recommendations of AEWM under this service.

Under the 3(38) Service, the AEWM Investment Department selects a diverse line-up of investment options across a range of asset classes to be offered to Plan Participants in accordance with Section 3(38) of ERISA. The AEWM Investment Department provides asset allocation risk-based model portfolios for the Plan. The AEWM Investment Department will manage the model portfolio development, construction, and maintenance and make updates as needed. Under the 3(38) Service, AEWM's IARs may provide general enrollment and investment education to Plan Participants but do not provide specific individualized investment advice within the meaning of ERISA to Plan Participants with respect to their Plan assets. Additionally, AEWM offers the 3(38) Service to Plan Sponsors as a standalone service.

In accordance with Section 3(38) of ERISA, AEWM has discretion to choose a "Qualified Default Investment Alternative" ("QDIA"). A QDIA is a default investment option chosen by a plan fiduciary for Plan Participants who fail to make an election regarding investment of their account balances. Unless unavailable at the recordkeeper, AEWM will utilize target-date asset allocation investment options for the 3(38) Services QDIA. Under the 3(21) Services, AEWM may recommend, but does not choose, a QDIA to the Plan Sponsor.

Under either Service, AEWM may assist the Plan Sponsor with Plan Participant enrollment and Plan education. If the services selected by the Plan Sponsor include enrollment and investment education to Plan Participants, the services do not include any individualized investment advice within the meaning of ERISA to Plan Participants with respect to their Plan assets. AEWM does not select the recordkeeper, but merely recommends the funds or investment vehicles offered by, or available through, the recordkeeper selected by the Plan Sponsor. The Sponsor-chosen recordkeeper may require that their proprietary funds be used for certain asset categories. It may limit the fund choices for plans of certain sizes. It may also not credit the plan for certain fees it receives from third parties. If you have questions, please contact your Plan Sponsor and/or the Plan Recordkeeper. Additionally, as it pertains to these Services, AEWM does not offer qualified tax or legal advice. AEWM does not hold itself out as a tax advisor and does not provide such services, therefore AEWM recommends consulting with a tax advisor for tax-related questions.

### **Disclosure Regarding Rollover Recommendations**

When a client or prospect leaves an employer, they typically have five options regarding their existing retirement plan: (i) leave the money in the former employer's plan, if permitted; (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted; (iii) rollover to a brokerage (self-directed) Individual Retirement Account ("IRA"); (iv) roll over the assets to an advisory IRA; or (v) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Clients contemplating rolling over retirement funds to an IRA for AEWM to manage are encouraged to first speak with their CPA or tax attorney.

There is a financial incentive for your IAR to recommend that you roll over your assets into one or more accounts on our platform because the enrollment will generate compensation based on the increase in your IAR's total assets under management. We address these financial compensation conflicts by including the disclosure of the conflicts in this brochure and by requiring your IAR to recommend investment advisory programs, investment securities, and services that are in the best interest of each client based upon the client's investment objectives, risk tolerance, financial situation, and cost, among other factors. As fiduciaries of the Investment Advisers Act of 1940, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way AEWM makes money creates some conflicts with your interests. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an account managed by us.

### **Self-Directed Brokerage Accounts**

Your employer may offer you the opportunity to participate in a “Self-Directed Brokerage Account” (“SDBA”) as part of your employer-sponsored retirement plan. This SDBA would be an account separate from your plan account as it originated under the employer-sponsored plan. The term “self-directed” usually indicates that you as a Participant makes the investment decisions for the account. Often these SDBAs allow you to access mutual funds and other investment options beyond the standard investment options offered through your employer-sponsored retirement plan, so long as the investments are within the guidelines of the employer/Sponsor. This type of account requires a more “hands-on approach” because it is the responsibility of the Participant to actively manage this portion of the portfolio. However, the Participant also has the authority to designate an agent/IAR to have limited trading authority over the assets in the Account. An agent’s trading authority is also limited to the guidelines set by the employer who sponsors the plan. As with any investment, there are risks related to directing your own brokerage account. Please pay careful attention to any disclosures you receive or agreements you enter with respect to your responsibilities and risks in managing your SDBA. For these Accounts, AEWM conducts supervisory reviews and oversight of your IAR’s recommendations, only. Please also be advised that your employer and/or Plan Sponsor may charge you additional fees and/or transaction charges to participate in this program. If you have questions regarding the fees you will be charged, please contact your employer or your Plan Sponsor.

### **Client-Directed Accounts**

As an administrative convenience to you, you may designate one or more accounts to hold investment products that you desire not to be managed by AEWM but be visible to AEWM for reporting purposes (“Client-Directed Account”). To open a Client-Directed Account, you must have an online trading account with the custodian and direct your IAR to establish the account as a Client-Directed Account.

AEWM’s services related to the Client-Directed Account are limited to including investment products in reporting provided to you by AEWM or the custodian and processing account maintenance requests such as, but not limited to, money movement requests, address changes, and systematic distributions, at your direction, with the custodian. AEWM will not make recommendations, direct trades, or utilize investment discretion on the Client-Directed Account. You shall provide all trade requests directly to the custodian subject to the terms of your agreement with the custodian. You are solely responsible for monitoring and directing trades in the Client-Directed Account, including, but not limited to, the choice of mutual fund share class and the fees associated with such share class choice. Client-Directed Accounts are not subject to the supervision, management, or oversight practices AEWM provides in relation to its managed accounts as otherwise set forth in AEWM’s disclosure documents.

AEWM neither manages nor advises on Client-Directed Accounts. The investment products available to a Client-Directed Account only limited by the custodian—AEWM does not review or approve products for Client-Directed Accounts. Certain investment products are only available in AEWM-managed accounts and are not available in a Client-Directed Account. As a result, if, for example, you own mutual funds in a Client-Directed Account, you may pay more for those mutual funds than you would if the funds were held in an AEWM-managed account.

Your accounts with the custodian, including the Client-Directed Account, are cash trading accounts. Cash trading accounts are subject to certain laws, rules, and regulations that generally require that the account has sufficient cash available to pay for any trade on the settlement date. Failure to have sufficient cash in the account on the settlement date can result in one or more of the following : a good faith violation, a freeriding violation, and/or a cash liquidation violation. Such violations in any of your accounts, including the Client-Directed Account, could result in temporary or long-term trading restrictions on all your accounts, including those managed by AEWM. Other situations can also result in trading or account restrictions being placed on your accounts, including but not limited to potential fraud, violation of anti-money laundering rules or regulations or OFAC sanction control laws, or an incorrect mailing address on file for you.

The existence of any trading restriction on any of your accounts will render both you and AEWM unable to trade any of your accounts. As such, AEWM cannot initiate trades or conduct other activities that may be required to manage your managed accounts according to your advisory plan and/or instructions. If this occurs, your managed accounts may be converted to non-managed.

Because AEWM does not manage the Client-Directed Account, you will be solely responsible for the consequences of any violation and for remediating any violation if remediation is available. AEWM does not assume any obligation to notify you of a violation or trading restriction you caused. Nor do we assume any obligation to execute any transactions in the Client-Directed Account to remediate a violation or restriction. However, AEWM may, under certain circumstances, undertake to remediate a violation or restriction subject to a separate written agreement between you and AEWM.

You will not pay asset-based investment advisory fees for Client-Directed Accounts. You will pay an annual administrative fee in monthly installments as outlined in the Fee Schedule. This annual administrative fee is independent from transactional fees initiated by the Custodian. Transactions directed by you in the Client-Directed Account may be subject to transaction and/or other fees in accordance with your agreement with the Custodian.

### **Tailor Advisory Services to the Individual Needs of Clients**

AEWM's asset management services are always provided based on your individual needs. IARs 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, your IAR will assist you in completing a detailed client profile questionnaire and will review the information you provide. When we provide asset management services, you can impose restrictions on the accounts we manage for you, including specific investment selections and sectors. You will be responsible for notifying us of any updates regarding your financial situation, investment objectives, and/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 AEWM client are unique. As a result, we may advise another client or take actions for them or for our personal accounts that differs 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 you grant discretionary authority) a Strategist and corresponding model portfolio that we are recommending/selecting for other clients or our personal accounts. 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. AEWM does not have a performance-based fees program and does not permit performance-based fees to be charged.

### **Methods of Analysis**

AEWM uses the following methods of analysis in formulating investment advice:

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.

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 yet shown itself.

To conduct analysis, AEWM gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, investment research software, 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**

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

Direct Indexing -- Direct indexing is the process by which an investor invests in an investment portfolio comprised of individual securities intended to replicate the performance of one or more investment indexes, strategies, or models (individually a "Benchmark" and when the portfolio contains securities that reference more than one Benchmark, a "Blended Benchmark"). The inputs include but are not limited to preferences, which may include individual or lists of companies chosen for the portfolio; a desired Benchmark or a relative allocation between Benchmarks ("Blended Benchmark"); and investment strategy constraints, such as security exposure, turnover, and trade thresholds and tax considerations.

Direct Indexing Products do not contain all constituent securities of the Benchmark, may contain alternative securities, or may contain securities in different weights or allocations than the Benchmark. As a result, the portfolios will not track the Benchmark exactly, and the gains or losses of the portfolio may be greater or less than the gains or losses experienced by the Benchmark. This difference is known as "tracking error." AEWM will make reasonable efforts to mitigate tracking errors within a set target range by rebalancing the portfolio through the purchase and sale of constituent securities but cannot guarantee that it will always be able to successfully mitigate tracking errors. Any restrictions the client places on securities that may be held in a portfolio and the budget for realized capital gains on transactions in the account may increase tracking error and decrease the effectiveness of rebalancing. AEWM cannot guarantee that the dividend yield in any portfolio will accurately track the benchmark.

In taxable accounts, a strategy of tax loss harvesting is often employed in direct indexing accounts. But tax-loss harvesting involves certain risks, including that the new investment could have higher costs or perform worse than the original investment and could introduce portfolio tracking error into accounts. There may also be unintended tax implications. AEWM does not hold itself out as an accountant or tax advisor and does not provide such services. Therefore, AEWM recommends consulting with a tax advisor before engaging in direct indexing for the purpose of tax loss harvesting.

Options Trading. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. The two types of options are calls and puts. A call gives the holder the right to buy an asset at a certain price within a specific period of time. A put gives the holder the right to sell an asset at a certain price within a specific period of time. AEWM writes call options to supplement certain direct indexing and strategic indexing strategies. AEWM also contracts with a Third-Party Manager to utilize this strategy. Options are complex securities that involve risks and are not suitable for everyone. AEWM does not allow investment in individual options contracts outside of a model.

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.

Style-based investing. There are various “style-based” investing strategies. The value investing strategy involves selecting 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, underperformance 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. Growth investing is a strategy focused on increasing an investor’s capital by typically investing in young or small companies whose earnings are expected to increase at an above-average rate compared to their industry sector or the overall market. This can be a popular strategy, but because these companies are still new, investing in them imposes a fairly high risk.

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. Certain tactical strategies may also trade frequently, which may cause tax implications. However, AEWM does not hold itself out as an accountant or tax advisor and does not provide such services. Therefore, AEWM recommends consulting with a tax advisor as it relates to this investment strategy.

## **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 are 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:

Alternative Investments Risk – Alternative investments typically do not correlate to the stock market, which means they can be used to add diversification to a portfolio and help mitigate volatility. Alternative Investments can be illiquid due to restrictions on transfer and the lack of a secondary trading market. These investments may lack transparency as to share price, valuation, and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, private funds are subject to less regulation and often charge higher fees. Alternative investments encompass a broad array of strategies, each with its own unique return and risk characteristics to be considered on a case-specific basis.

**Artificial Intelligence Use Risk** – With the increased use of artificial intelligence (“AI”) in the world, generally, you should be aware of risks associated with AI use as it relates to advisory business. AI systems are designed and based on complex algorithms that, despite rigorous testing, may still contain errors or biases. These errors can affect the reliability and performance of the investment advice generated by the AI tools. AEWM permits the use of AI for day-to-day business-related tasks. However, AEWM restricts investment-related use of AI to approved vendors and our proprietary tools only. While AI capabilities are continuously improving, over-reliance on AI-driven recommendations without adequate human oversight or review can lead to potential misjudgment of investment opportunities and associated risks. Your IAR is required by policy to independently verify all information produced through an approved AI tool before they may rely on it as part of the services they provide to you.

**Collateralized Loan Obligation (“CLO”) Risk** – A CLO is a single security backed by a pool of debt. That pool of debt often consists of a bundle of corporate loans that are ranked below investment grade. CLOs are securities subject to credit, liquidity, and interest rate risks. The investor will receive scheduled debt payments from the underlying loans, assuming most of the risk if the borrowers of those loans default. A CLO usually has multiple “tranches.” Each tranche is a piece of the CLO, and the order of the tranches dictates in what order the investors will be paid when the underlying loan payments are made. The tranches also dictate the associated risk since investors who are paid last have the highest overall risk of loss. Those paid first have less risk and are therefore paid smaller interest payments—whereas those paid last receive higher interest payments to compensate for the risk.

**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’s stock may be reduced.

**Cryptocurrency** – Cryptocurrency is a digital or virtual currency that is used as an alternative payment method or speculative investment. Cryptocurrency is not backed by real assets or tangible securities, are traded between consenting parties with no broker, and most are tracked on decentralized, digital ledgers with blockchain technology. Cryptocurrency is subject to, and has experienced, rapid surges and collapses in values. In addition to the market risk associated with speculative assets, cryptocurrency investment carries a number of other risks. As a result, investment in cryptocurrency is considered to be a more volatile investment. Although AEWM does not allow for direct cryptocurrency investment, some models on AEWM’s platform may have an underlying cryptocurrency investment or component.

**Cybersecurity Risk** – With the increased use of technologies to conduct business, AEWM is susceptible to operational, information security, and related risks. In general, information and cyber-incidents can result from deliberate attacks or unintentional events and arise from external or internal sources. Cyber-attacks include unauthorized access to digital systems (such as through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial of service attacks on websites (making network services unavailable to intended users). Cyber-incidents may cause disruptions and affect business operations, potentially resulting in financial losses, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. AEWM follows its security protocol in its Information Security Management System Policies in the event a cybersecurity event occurs.

Duration Risk – Duration is a way to measure a bond's price sensitivity to changes in interest rates. The duration of a bond is determined by its maturity date, coupon rate, and call feature. Duration is a method to compare how different bonds will react to interest rate changes. If a bond has a duration of five (5) years, it means that the value of that security will decline by approximately five percent (5%) for every one percent (1%) increase in interest rates.

Emerging Markets Risk – The risks associated with foreign investments are heightened when investing in emerging markets. The governments and economies of emerging market countries may show greater instability than those of more developed countries. Such investments tend to fluctuate in price more widely and to be less liquid than other foreign investments.

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. And because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

ETF, Closed-End Fund, 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. If the ETF, closed-end fund or mutual fund fails to achieve its investment objective, the account's investment in the fund may adversely affect its performance. Because the value of ETF shares depends on the demand in the market, your IAR may not be able to liquidate the holdings at the most optimal time, adversely affecting performance. Closed-end funds not publicly offered provide only limited liquidity to investors. And, generally, closed-end funds are not required to buy back their shares from investors upon request. Spot Bitcoin ETFs pose an additional layer of risk due to the potential volatility of Bitcoin and other cryptocurrencies. Buffered ETFs (defined-outcome) are designed to provide downside protection in exchange for a cap on potential upside gains. They present the client with a tradeoff of giving up potential full upside benefit for the potential for mitigating some downside in market performance.

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 of inflation eroding their spending power. For some fixed-income products, investors receive set, regular payments that face the same inflation risk. Fixed-income instruments purchased by a client are subject to the risk that as interest rates rise, the market values of bonds decline. This results in a more pronounced effect on the securities with longer durations. Fixed-income securities are also subject to reinvestment risk, which refers to the possibility that an investor will be unable to reinvest cash flows (i.e., coupon payments or interest) in a new security at a rate comparable to their current rate of return.

International Investing Risk – International investing, especially in emerging markets, involves special risks, such as currency exchange and price fluctuations and political and economic risks.

Interval Fund Risk – Interval funds are classified as closed-end funds, but they are distinct because the shares do not trade on the secondary market, but instead periodically the fund offers to buy back a percentage of outstanding shares at net asset value. This results in the funds being largely illiquid. There is no guarantee that investors will be able to sell their shares at any given time or in the desired amount. Additionally, repurchase is done on a pro-rata basis; therefore, there is no guarantee that you can redeem the number of shares you want during a given

redemption.

Lack of Diversification Risk – Concentrated portfolios, including portfolios with a concentration in one asset class, typically result in increased risk and volatility and decreased diversification, which could result in losses.

Liquidity Risk – Liquidity is how easily an asset or security can be bought or sold in the market and converted to cash. Generally, the less liquid an asset is, the greater the risk that if an investor needs to sell the asset quickly, the asset will be sold at a loss. Simple assets tend to be more liquid than complex assets. An asset tends to be more liquid if it represents a standardized product or security and there are many traders interested in making a market in that product or security. Some investments, like Qualified Opportunity Zone Funds, are considered private investments and are illiquid because there is no public market that currently exists for the investment type. Therefore, the inability to quickly sell or liquidate this investment carries a higher risk for a loss in the investment. The same goes for investment properties sold or exchanged in an Internal Revenue Code Section 1031 exchange (“1031 exchange”) in which one property is swapped for a like-kind property in order to defer capital gains taxes. This is a tax strategy which often combines the 1031 swap with a Delaware Statutory Trust in which the property is held for several years, per the United States Internal Revenue Service. Due to this strategy’s required “holding” period, this private investment poses a liquidity risk. As it pertains to these types of strategies, AEWM does not offer qualified tax or legal advice. Additionally, AEWM does not hold itself out as a tax advisor and does not provide such services. Therefore, AEWM recommends consulting with a tax advisor if you have tax-related questions.

Management Risk – Your investment with a registered investment adviser varies with the success and failure of its 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.

Margins Risk – A margin transaction occurs when an investor uses borrowed assets by using other securities as collateral to purchase financial instruments. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Margin trading involves interest charges and risks, including the potential to lose more than deposited or the need to deposit additional collateral in a falling market. A margin account is required with AEWM’s call writing overlay strategy for our AE Direct Flex and specific Strategic Index Models.

Non-Investment Grade Bonds – Commonly known as “junk bonds,” non-investment grade bonds are “below investment grade quality” (rated below Baa3 by Moody’s Investors Service, Inc. or below BBB- by Standard & Poor’s Ratings Group and Fitch Ratings or, if unrated, reasonably determined by the Firm to be of comparable quality). Junk bonds represent bonds issued by companies that are financially struggling and have a higher risk of defaulting or not paying their interest payments or repaying the principal to investors. Investing in non-investment grade bonds can be speculative.

Non-Traded Business Development Companies – Non-traded business development companies (“non-traded BDC(s)”) are a closed-end investment company that invests in small- and medium-sized businesses. Non-traded BDCs are not traded on an exchange. Therefore, they are subject to other types of risk, such as high-net-worth requirements, higher initial investments, higher sales commissions and fee structures, limited liquidity, longer-term investment horizons, and redemption limits and suspensions. Non-Traded BDCs are limited to accredited investors, and they generally invest in companies that are still developing and/or may be in financial distress. As a result, the companies that a BDC invests in are more likely to go out of business or default on their debts. Additionally, BDCs often use leverage or debt to increase the potential for higher returns. However, leverage can also potentially increase losses. And finally, in addition to charging management fees, the fund manager may also charge a performance fee.

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. Options, like other securities, carry no guarantees, and investors should be aware that it is possible to lose all of your initial investment, and sometimes more. Since options derive their value from an underlying asset, which may be a stock or securities index, any risk factors that impact the price of the underlying asset will also indirectly impact the price and value of the option. Extreme market volatility near an expiration date can cause price changes resulting in the option expiring worthless. In addition, options can be purchased or sold in covered or uncovered (or naked) strategies. A covered strategy is one in which the seller of a call option holds a long position/currently owns the underlying assets of the options contract. An uncovered, or naked, strategy, is one in which the seller of a call or put option does not hold a long position/currently own the underlying securities. Selling a naked option can be an extremely risky strategy and should be used by experienced traders who understand how to manage their notational exposure and risk. Individual options contracts outside of a model are not available through AEWM.

Private Investments Risk – A private investment is a financial asset outside public market assets, meaning they are not listed on an exchange. Investors often access private investments through a private investment fund. A private investment fund is an investment company that doesn't solicit capital from retail investors or the public. Hedge funds and private equity funds are two of the most common types of private investment funds. Private equity investing often has high investment minimums and they may also have higher liquidity risks since private equity investors are expected to invest their funds with the firm for several years, on average. Investors often utilize private investments to diversify their portfolio and reduce overall risk exposure across specific sectors. However, because there is no major public exchange for these investments, a fund manager may find it difficult to liquidate the investments in a fund in times of economic stress. AEWM generally limits investments in private funds, but the firm does allow high net worth clients to invest in certain private investments

Publicly Traded Business Development Companies – Business Development Companies ("BDC(s)") are a type of closed-ended fund that provide retail investors a way to invest in small and medium-sized private companies and, to a lesser extent, other investments, including public companies. BDCs are complex and are associated with unique risks. Publicly traded BDCs can be bought and sold on national securities exchanges. BDCs are not limited to qualified investors. However, BDCs generally invest in companies that are developing and/or financially distressed. As a result, the companies that a BDC invests in are more likely to go out of business or default on their debts. Additionally, BDCs often use leverage or debt to increase the potential for higher returns. However, leverage can also potentially increase losses.

Reinvestment Risk – Reinvestment risk is the risk that future interest and principal payments may be reinvested at lower yields due to declining interest rates.

REITs and Real Estate Risk – Real estate investment trusts (REITs) are popular investment vehicles that pay dividends to investors. The value of an investment in REITs may change in response to a change in the real estate market. REITs may subject an investment to additional risks such as decline in the value of real estate, changes in interest rates may result in lack of available mortgage funds or other capital and financing limits, extended vacancies of properties, increases in property taxes and operating expenses, and changes in zoning laws and regulations. When traded like shares of stock on exchanges, REITs can give exposure to diversified real estate holdings.

Securities Lending – Securities lending is the act of loaning shares of stock, commodities, derivative contracts, or other securities to other investors or firms. For receipt of these securities, the borrower is required to put up collateral—whether cash, other securities, or a letter of credit—for the lender to hold until the agreement is

terminated and/or the securities are liquidated. Generally, the lender receives a lending fee based on a designated interest rate multiplied by the market value of the securities on loan. The interest rate paid is based on the relative value of the individual securities in the securities-lending market and are subject to change based on market conditions and borrowing demand. Loaned securities are sometimes considered “hard to borrow” because of short selling, scarcity of available lending supply, or corporate events that affect liquidity in a security. Securities lending also exposes a lender to the risk of borrower or counterparty default.

Small- and Medium-Capitalization Companies – Publicly traded companies are often segmented by their market capitalization—the total value of their shares in the market. Small-cap investing is often used when an investor is focused on growth opportunities. Though they historically outperform large-cap stocks, small-cap stocks are riskier. Prices of small-cap stocks are often more volatile than prices of large-cap stocks. The same can be said for some medium-cap stocks. Additionally, the risk of bankruptcy or insolvency for smaller companies is higher than for larger companies.

Structured Notes Risk – Structured notes are complex instruments consisting of a bond component and an imbedded derivative component that adjusts the security’s risk-return profile. There are both principal-at-risk and principal-protected notes. Principal-protected notes offer full principal protection, subject to the credit risk of the issuer, even if the market is down at the note’s maturity. Principal-at-risk notes offer no principal protection, and an investor can lose some or all of their invested principal at maturity. A structured note will result in loss of principal if the reference asset declines by more than the stated buffer or barrier level, either at maturity, or on a scheduled observation date. Structured notes are classified as senior unsecured debt and are therefore subject to the risk of default. They lack liquidity, are not listed on securities exchanges, and do not participate in dividends. Typically, the issuer will maintain a secondary market; but there is no obligation to do so. Therefore, there may be little to no secondary market available. To the extent a secondary market may exist, a sale in the secondary market prior to maturity may result in a significant discount in the sale price of the note resulting in a loss of principal. Structured notes are also subject to credit and call risks. The credit risk involves a situation where, if the issuer were to default on its payment obligations, you may not receive any amount owed under the structured note and you could lose your entire principal investment. Certain notes may be callable automatically or at the option of the issuer. If a note is called, the investor will not receive any interest payments that would have been payable for the remainder of the term of the note. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.

Tender Offer Fund Risk – A tender offer fund is a closed-end registered investment company that can continuously offer shares at net asset value to an unlimited number of investors. A tender offer differs from an interval fund because a tender offer fund buys back shares from investors at their net asset value at the fund’s discretion, as opposed to interval funds, who buy back shares at a predetermined frequency. Tender offer funds are semi-liquid as they are not traded on a securities exchange and are subject to discretionary repurchases by the Fund Board. This means, the investors cannot redeem shares on demand and must wait for periodic tender offers. They often invest in illiquid or alternative assets such as private equity, real estate, or distressed securities. If the underlying investment is only available to accredited investors, then the fund itself would only be available to accredited investors.

Variable Annuities Risk – A variable annuity is a long-term investment primarily designed for retirement or another long-range goal that provides you the opportunity to accumulate assets on a tax-deferred basis. Variable annuities subaccounts are subject to investment risk, and it is possible for the annuity to lose value. Like mutual funds, you bear the investment risk for amounts allocated to the variable subaccounts that make up the underlying product.

Therefore, you should consider your ability to sustain investment losses during periods of market volatility. The annuities' prospectus should include information important to your decision to invest, including fees and charges, risks, death benefits, living benefits, and variable annuity income options. There are fees and charges unique to variable annuity products that may be charged outside of your investment advisory fee. Additionally, alternative investment strategies may be available as a variable subaccount. Alternative investments pose unique investment risks. Please review the disclosure for Alternative Investment Risks above.

### **Voting Client Securities**

AEWM does not vote proxies on behalf of clients. Therefore, you are responsible for voting all proxies for securities held in your Account. You will receive proxies directly from the qualified custodian or transfer agent. Although we do not vote client proxies, AEWM may provide limited clarifications of the issues based on AEWM's understanding of the issues presented in the proxy-voting materials. If you have a question about a particular proxy, contact the custodian or transfer agent directly.

When you engage a TPRIA to manage your portfolio, where permissible, you may grant your TPRIA discretion to vote proxies concerning any securities purchased or held in your account. In such cases, all proxy and legal proceedings information and documents AEWM receives relating to the securities in a TPRIA Program account will be forwarded to your TPRIA. AEWM will not have or accept the authority to vote proxies on behalf of TPRIA Program clients.

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### ***Item 7 – Client Information Provided to Portfolio Managers***

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Our associated IARs are responsible for gathering all information provided by you. We will interview and work with you to gather all the information needed relative to your investment objectives and needs to provide management services to you. You are responsible for promptly contacting your IAR 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 Strategists.

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### ***Item 8 - Client Contact with Portfolio Managers***

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If a client has any questions for the outside Strategists, they should be directed to AEWM, who will make inquiries with the Strategist. AEWM's policy is to provide for open communications between the IARs and clients. You are encouraged to contact your IAR whenever you have questions about the management of your account(s).

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### ***Item 9 - Additional Information***

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### **Disciplinary Information**

On September 1, 2021, AEWM entered into a consent order with the Securities Division of the Arizona Corporation Commission settling an administrative action. In this matter, the Arizona Corporation Commission found that AEWM violated A.R.S. § 44-3241(A)(2). In particular, the Arizona Corporation Commission found that AEWM failed to disclose to 240 investment advisory clients (households) that their co-adviser's IAR had various unreported disclosures, and misled clients regarding the reason for the co-adviser's rebranding of their firm. AEWM consented to cease and desist from committing or causing future violations, to an administrative penalty of \$150,000, and to return investment advisory fees in the amount of \$1,159,400.97 to the co-adviser's clients.

### **Registration of Management Persons with a Broker-Dealer**

David Callanan, our Chief Executive Officer, is a registered representative of Madison Avenue Securities, LLC ("MAS") (CRD # 23224), a broker-dealer affiliated with AEWM. Additionally, Mr. Callanan; Christopher Radford, our President; and Shawn Scholz, our Chief Compliance Officer, are registered representatives of AE Financial Services, LLC ("AEFS") (CRD # 298608), a broker-dealer that is under common control with AEWM.

### **Related Broker-Dealers**

AEWM is under common control and ownership with the two registered broker-dealers mentioned above, AEFS and MAS. While we do not typically utilize these affiliated broker-dealers when conducting our asset management services, there are instances when your IAR recommends products that are not available through our traditional asset management accounts or when they make recommendations that can be implemented directly with a broker-dealer. In these instances, our principal owners will benefit when the recommended securities are purchased through AEFS or MAS. We address this conflict of interest by: (1) disclosing it to you in this brochure; (2) not requiring you to purchase the recommended securities through AEFS and/or MAS (you may make the purchase through any broker-dealer you choose); and (3) prohibiting the collection of a retail commission from an affiliated broker-dealer and the assessment of an ongoing management fee by AEWM on the same security. When products are purchased through AEFS or MAS, those entities are responsible for assessing whether such purchases meet the best interest standard.

### **Registered Representative of a Broker-Dealer**

Some of AEWM's IARs are also registered representatives of a securities broker-dealer, such as AEFS or MAS. If you elect to utilize the services of your IAR in their separate capacity as a registered representative of a broker-dealer, you should be aware that they can sell, for commissions, general securities products to you. Your IAR can suggest that you purchase securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment advisory account. The commissions charged by your IAR's broker-dealer may be higher than commissions charged by other broker-dealers. Customarily, the registered representative will also receive periodic payments from a mutual fund company related to purchases of the mutual fund's shares while you maintain the mutual fund investment. Consequently, the objectivity of the advice rendered is biased due to the receipt of commissions and other standard brokerage compensation. We address this conflict of interest by: (1) disclosing it to you in this brochure; (2) not requiring you to purchase any recommended security from a broker-dealer associated with your IAR or AEWM (you may purchase through any broker-dealer you choose); and (3) prohibiting the collection of a commission/mutual fund fee and the assessment of an ongoing management fee by AEWM on the same security. When you purchase products through a broker-dealer, that broker-dealer is responsible for assessing whether such purchases meet the best interest standard.

### **Related Investment Advisers**

MAS (one of the broker-dealers described above) is also an SEC-registered investment adviser. As previously stated, AEWM and MAS are under common control and ownership. MAS utilizes AEWM's platform to assist in providing investment advisory services to MAS clients. MAS compensates AEWM for such services. We do not consider our investment advisory affiliation with MAS to create a material conflict of interest for our AEWM clients. Clients of MAS should refer to its Firm Brochure(s) for a description of conflicts of interest related to MAS.

AEWM is under common control and ownership with Impact Partnership Wealth, LLC ("IPW"), an investment adviser registered with the SEC. IPW utilizes our platform to assist in providing investment advisory services to IPW clients. IPW compensates AEWM for such services. We do not consider our affiliation with IPW to create a material conflict of interest for our AEWM clients. Clients of IPW should refer to its Firm Brochure(s) for a description of conflicts of interest related to IPW.

AEWM is under common control and ownership with Veta Investment Partners, LLC ("VIP"), an investment adviser registered with the SEC. AEWB utilizes VIP as both a Third-Party Manager and a Strategist. When AEWB places a client in a model portfolio managed by VIP, the principal owners of AEWB benefit. We address this conflict of interest by: (1) disclosing it to you in this brochure; (2) subjecting VIP to the same initial and ongoing due diligence processes that we use to evaluate all third-party Strategists; (3) not incentivizing IARs to recommend VIP over other third-party Strategists; (4) not allowing VIP to compensate AEWB or its personnel for client referrals; (5) ensuring that the compensation provided to VIP by AEWB is comparable to the fee provided to similar third-party Strategists; and (6) requiring IARs to make investment recommendations that are in each client's best interest.

### **Related Insurance Marketing Organizations**

AEWM is under common control and ownership with Advisors Excel, LLC ("AE") and Asset Marketing Systems Insurance Services, LLC ("AMSIS"). AE and AMSIS are insurance agencies that market/wholesale life and health insurance and fixed annuities to third-party insurance agents in exchange for a marketing and/or override fee from the product issuer. AEWB IARs, in a separate capacity as insurance agents, utilize the marketing and wholesaling services of AE and AMSIS. When your IAR sells you an insurance product through AE or AMSIS, the principal owners of AEWB benefit. We address this conflict of interest by disclosing it to you in this brochure and ensuring no advisory fee is charged on insurance products/fixed annuities, which are held outside of the advisory relationship, in addition to the commission or fee the representative earns from the sales of those same products. AEWB does not conduct oversight or review recommendations for these insurance products. The issuing insurance carrier is responsible for reviewing and supervising the sale of an insurance product and suitability of the product as it relates to your financial situation.

AEWM is under common control and ownership with Innovation Design Group, LLC ("IDG"), an insurance agency that provides services to insurance companies concerning the product design and distribution of annuities. IDG has participated in the design of a number of annuities issued by insurance companies that are either distributed exclusively by AE or distributed by a small group of insurance marketing organizations of which AE is a member. When your IAR, in their separate capacity as an insurance agent, sells you an annuity that was designed by or distributed through IDG, the principal owners of AEWB benefit. We address this conflict of interest by disclosing it to you in this brochure and ensuring no advisory fee is charged on an annuity, which are held outside of the advisory relationship, in addition to the commission the representative earns from the sale of those same annuity products.

### **Insurance Agents**

Many of AEWB's IARs serve in a separate capacity as insurance agents, and in that capacity they can sell you life insurance, annuities, and other insurance products. They can receive commissions from insurance companies/carriers for selling their products, and the commissions vary from carrier to carrier. The agents are also eligible to receive incentives, bonuses, and other compensation from insurance companies/carriers/insurance marketing organizations based on and related to insurance transactions. These incentives include, but are not limited to: gifts, meals, entertainment, participation in bonus programs, forgivable loans, reimbursement for training, marketing assistance, educational efforts, advertising, and travel expenses to conferences and events. Consequently, the agent is incentivized to recommend that you purchase insurance products due to the receipt of commissions and other compensation. This creates a conflict or incentive to sell or offer insurance products as compared with investment advisory services or securities recommendations. We address this conflict of interest by disclosing it to you in this brochure and ensuring no advisory fee is charged on insurance products—which are held outside of the advisory relationship—in addition to the commission the representative earns from the sale of those same insurance products. When acting in their capacity as an insurance agent, your IAR is not subject to the fiduciary standards under the Investment Advisers Act of 1940. You are under no obligation to implement any insurance or annuity transaction through your IAR in their capacity as an insurance agent. When you purchase insurance products, the insurance carrier is responsible for assessing whether such purchases meet the best interest standard. Because insurance agents are not subject to the same rules and regulations that apply

to IARs, AEWM does not supervise or conduct oversight of this activity.

### **Certified Public Accountants**

Some of AEWM's IARs serve, in a separate capacity, as a CPA by providing tax services to individuals and corporations. As a CPA, these IARs may receive compensation for the tax services they provide their clients. Any fees received through the tax services do not offset advisory fees the client may pay for AEWM's advisory services. Clients can decide whether to engage in services with the CPA firm. As a result, a conflict of interest arises between your interests and AEWM's interests. However, at all times, AEWM and our IARs will act in your best interest and act as fiduciaries in carrying out advisory services to you. Because this is not an advisory service, AEWM does not supervise or conduct oversight of this activity. Any CPA activity performed is separate and distinct and not affiliated with AEWM in any way.

### **Code of Ethics Summary**

AEWM has established a Code of Ethics that applies to all of its supervised persons. As a fiduciary, an investment adviser's responsibility includes providing fair and full disclosure of all material facts and to always act solely in the best interest of each of our clients. This fiduciary duty is the core underlying principle for our Code of Ethics, which also covers our Personal Securities Transactions Policies and Procedures. AEWM has the responsibility to ensure that all clients' interests are placed ahead of AEWM's own investment interests. AEWM discloses material facts as well as potential and actual conflicts of interest to clients. AEWM seeks to conduct business honestly, ethically, and fairly 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 AEWM's Code of Ethics. Clients may receive a complete copy of the Code of Ethics upon request.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

At times, AEWM or associated persons of the firm will buy or sell investment products identical to those recommended to clients for their personal accounts. In some instances, such transactions by AEWM or associated persons of the firm will be executed at the same time a transaction in the identical investment product recommended to clients is executed. This creates a conflict of interest. It is the express policy of AEWM that all people associated with our firm in any manner must place clients' interests ahead of their own when implementing personal investments. AEWM 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, from 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.

### **Account Reviews**

Accounts subject to our asset management services are reviewed regularly and at least annually. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include changes to your investment strategy and objectives if necessary and if your situation has changed. Reviews are conducted by the IAR of record, and are performed in accordance with your investment goals and objectives.

### **Account Statements and Reports**

For our asset management services, you will receive transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian. Additionally, AEWM may provide periodic performance reports.

Financial planning clients do not receive any report other than the written plan originally contracted for.

You are encouraged to compare any reports or statements provided by us, a sub-adviser, or Third-Party Manager against the account statements from the qualified custodian. If you have questions about your account statement, contact our firm and the qualified custodian preparing the statement.

### **Client Referrals/Promoters Agreements**

AEWM compensates certain non-employee persons and/or entities (individually, a “Promoter” and collectively “Promoters”) for client referrals. If a Promoter refers a client to AEWM, the Promoter must abide by the requirements of the jurisdiction in which they operate. The Promoter will provide the client with a document describing AEWM’s relationship with the Promoter, the compensation that AEWM is providing the Promoter, and any material conflicts of interest. You will not pay additional fees because of this referral arrangement. Once an investment management account is established, the Promoter is eligible to receive ongoing compensation based on a percentage of the assets under management associated with the account, or they may receive a one-time or flat-fee payment. Therefore, a Promoter has a financial incentive to recommend our IARs to you for advisory services.

### **Other Compensation**

AEWM IARs may also receive bonuses based on their overall assets under management during a specific period of time. These bonuses could include cash payments and/or qualification for networking and business trips. These benefits are not a result of achieving sales quotas related to specific product lines. However, these incentives present a conflict of interest, which AEWM addresses by providing disclosures, following procedures, and applying the firm’s fiduciary obligation to each client.

Our IARs, acting in their separate capacities as insurance agents, can receive commissions from insurance companies/carriers for selling their insurance products. The commissions vary from carrier to carrier, and the receipt of these commissions creates a conflict or incentive to sell or offer insurance products as compared with investment advisory services or securities recommendations. The insurance agent can also receive other incentive awards or bonus payments from an insurance company/carrier/insurance marketing organization for selling a targeted number of a specific carrier’s annuity or insurance products. Because insurance agents are subject to a separate regulatory regime from the rules and regulations that apply to IARs, AEWM does not supervise or conduct oversight of the insurance activity.

AE and AMSIS also provide indirect compensation by providing marketing assistance, business development tools, technology, back office/operations support, business succession planning, business conferences, and incentive trips. These incentive programs do not affect the fees that you pay. Although some of these services can benefit a client, other services our IARs obtain from AE or AMSIS, such as marketing assistance, business development, and incentive trips, will not benefit an existing client and are a conflict of interest.

In addition to the compensation discussed above, AEWM and AE have initiated a cash incentive plan. Pursuant to this plan, IARs are eligible to receive cash payments based on a combination of the sale of insurance products through AE and the value of securities managed by AEWM. The methodology used to calculate the cash payment is weighted in favor of insurance products. As a result, your IAR is incentivized to recommend insurance products and raise their overall production to obtain the cash incentive. However, these benefits do not result from achieving sales quotas related to specific product lines.

An affiliate of AEWM owns a minority, non-controlling ownership interest in the financial advisory businesses of certain of its IARs and TPRIAs (an “advisor minority interest”). The IAR or TPRIA maintains control over the day-to-day management of their advisory business. Neither the affiliate nor AEWM have control over or are involved in the day-to-day management of the IAR’s or TPRIA’s advisory business. This affiliate receives income from the advisor minority interest in the form of ownership distributions. AEWM is not an owner of the advisor minority interest and does not receive any ownership income from the advisor’s advisory business.

AEWM and AE offer business loans to IARs on a case-by-case basis. Sometimes AEWM will forgive a portion or all of such loans based on certain factors, such as the IAR agreeing to remain with AEWM and AE for a specified period.

The cash incentive plan, business loans, and minority investments described above incentivize your IAR to remain associated with AEWM and AE. However, these incentive programs do not affect fees you pay.

At times, AEWM IARs receive reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements result from attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements result from 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 receiving this compensation instead of what is in a clients' best interest. AEWM attempts to control for this conflict by always basing investment decisions on the individual needs of clients.

Although a relatively rare occurrence, AEWM employees can be invited to product-sponsored or product-developer events. This has the potential to create a conflict of interest in that the employee will be incentivized to request that AEWM provide the sponsored or developed product on the AEWM platform for IARs to recommend to their clients.

### **Strategic Sponsors Program**

AEWM receives compensation, known as “revenue sharing,” from certain third-party product providers or sponsors (“Strategic Sponsors”) for providing marketing support services related to the Sponsor’s product(s). Our Strategic Sponsors include various investment-related companies that provide products available on AEWM’s platform, including mutual funds, exchange-traded funds, and model portfolios. AEWM’s marketing support may include providing Sponsors access to certain information about our business and the opportunity to have more frequent interactions with our IARs through training, marketing support, and educational presentations for the purpose of relationship building and increasing familiarity with their product. In addition to our Strategic Sponsors, there are product sponsors that do not have a revenue-sharing arrangement with AEWM but nevertheless receive similar marketing support treatment.

These revenue-sharing payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets invested in the product, or as a percentage of the management fee on the assets invested in the product. The marketing support agreement with each Sponsor will indicate the payment terms details. The revenue received from Sponsors helps AEWM fund the cost of conducting due diligence on product providers, hosting seminars or educational events, providing services to advisers, maintaining accounts, and offering an investment platform for our clients. Strategic Sponsors pay AEWM out of their assets, revenues, or earnings so there is no additional charge to you.

We want you to understand that AEWM’s receipt of revenue-sharing payments on assets within specific investment advisory programs or products creates an inherent conflict of interest for AEWM. These revenue-sharing payments incentivize AEWM to favor products from Sponsors that pay revenue-sharing over other products or issuers. Additionally, your Investment Adviser Representative (“IAR”) receives an indirect benefit due to AEWM’s receipt of these payments,

through the IAR's invitation to, and/or attendance at, sponsored conferences or seminars and additional education from the Sponsors, as mentioned above. The marketing and educational activities paid for by the Sponsor could lead the IAR to focus more on the Sponsor's products. However, no revenue-sharing payments are made to the IAR who recommends these products to you. Therefore, your IAR has no direct financial incentive to recommend a Strategic Sponsor's product to you. Additionally, your IAR is required by regulation and AEWM policy to make recommendations solely in your best interest. Regardless, product recommendations to any customer are reviewed and approved by internal supervisors who do not have a financial incentive to favor any product or Sponsor and who are also required to act solely in your best interest. For additional information on a particular Strategic Sponsor, please review the Sponsor's statement of additional information or ADV 2A Firm Brochure.

A full list of our Strategic Sponsors may be found at [www.aewealthmanagement.com](http://www.aewealthmanagement.com).

### **Financial Information**

This disclosure does not apply to our brochure as we do not require or solicit prepayment of more than \$1,200 in fees per client, six or more months in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. Also, we are not subject to a financial condition reasonably likely to impair our ability to meet contractual commitments to clients. Finally, AEWM has never been the subject of a bankruptcy petition.



## WHAT WE DO

### How does AEWM protect my personal information?

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.

### How does AEWM collect my personal information?

We collect your personal information, for example, when you

- 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

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

### Why can't I limit all sharing?

Federal law gives you the right to limit only:

- 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

State laws and individual companies may give you additional rights to limit sharing.

### 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

Companies related by common ownership or control. They can be financial and non-financial companies.

- *Our affiliates include financial companies such as Advisors Excel, LLC, AE Financial Services, LLC, Madison Avenue Securities, LLC, and Impact Partnership Wealth, LLC.*

### Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *Nonaffiliates we may share information with include an independent representative's new investment advisory firm.*

### Joint Marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *AEWM doesn't jointly market.*

## OTHER IMPORTANT INFORMATION

**Call Monitoring and Recording.** If you communicate with us by telephone, we may monitor or record the call.