Ausdal Financial Partners, Inc. ("Ausdal", "we", "us") is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment adviser and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

We provide both brokerage and investment advisory services to retail investors. We've summarized below the main types of services that we offer and their key features:

BROKERAGE (COMMISSION-BASED)

As a broker-dealer, our primary service is buying and selling securities for your account. The brokerage programs we offer include:

- **Standard Brokerage:** The accounts are assigned a Financial Professional who will offer recommendations to buy or sell securities and other financial products. The accounts are non-discretionary, which means you must approve each transaction prior to execution.
- **Limited Service:** Typically, these accounts are opened for specific purposes or investment strategy, which benefits from a brokerage account arrangement.
- **Investment and Related Services:** Our industry brokerage and insurance relationships enable us to offer access to specialized accounts and securities products, such as alternative investments, variable annuities and other insurance-based products, as well as cash management services and margin accounts.

Account Monitoring: We do not provide account monitoring services for your brokerage accounts. Your financial professional may voluntarily review holdings in your brokerage accounts from time to time and may or may not make recommendations to you based on these reviews. These voluntary account reviews are not an account monitoring service.

Investment Authority: You make the ultimate decision regarding the purchase and sale of investments in your brokerage investment account(s).

Limited Investment Offerings: We offer and make recommendations on non-proprietary products. We do not offer or make recommendations on all products.

Account Minimums: We do not require a minimum dollar amount to open and maintain a brokerage account. However, some investment products may have investment minimums.

INVESTMENT ADVISORY (FEE-BASED)

As an investment adviser, our principal investment advisory services are the following:

- **Portfolio Management:** These accounts are assigned a Financial Professional to manage the portfolio on a discretionary basis, based on information you provide (and update from time to time) about your personal and financial situation, and your accounts' investment objectives, tolerance for risk, reasonable investment restrictions, and other information. Portfolio management services are offered through wrap fee programs and non-wrap fee arrangements (traditional advisory fee plus commissions).
  - Where appropriate, we recommend third-party investment managers ("Third-Party Managers"), who will have primary responsibility for managing a portion of your portfolio; subject to our "hire and fire" authority.
- **Financial Planning & Investment Consulting:** Through your financial professional, we offer financial planning and consulting services. These services are individually negotiated between you and the financial professional to encompass services to meet your needs.

Account Monitoring: Our standard portfolio management service includes monitoring your portfolio on a continuous basis, based on information you provide (and update from time to time) about your personal and financial situation, and your account's investment objective(s), tolerance for risk, reasonable investment restrictions you provide us in writing, and other information.

Investment Authority: On request, we will manage an advisory account on a non-discretionary basis, where we recommend investments to purchase or sell, but you must make the ultimate decision regarding which investments will be bought or sold for the account. Non-discretionary accounts are handled differently than discretionary accounts, and these differences can reduce the amount of money you earn compared to a discretionary account.

Limited Investment Offerings: We provide advice on non-proprietary products; provided, certain advisory programs use model portfolios and buy and sell "signals" developed by an investment manager with which we and one of our senior managers has a financial interest. Not all financial professionals offer advice with respect to all securities products or services available to all other financial professionals. Additionally, we do not make all mutual funds available for use in advisory programs and generally limit the offered mutual funds to a single share class.

Minimum Asset Size and Annual Fee Requirements: We do not impose a minimum asset size to open or maintain an advisory relationship, or a minimum annual advisory fee. However, certain Third-Party Managers may impose a minimum asset size of up to $100,000 (or higher) to open or maintain an advisory relationship and impose a minimum annual program fee.

Additional Information – For detailed information about our brokerage and advisory services, fees, compensation, and other disclosures, refer to the disclosures on our website by clicking here, https://www.ausdal.com/site-disclosures, and also refer to our Form ADV Part 2A Brochure and Form ADV Part 2A, App. 1 Wrap Fee Brochure, by clicking this link https://adviserinfo.sec.gov/firm/brochure/7995.

Key Questions to Ask Your Financial Professional

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? 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?

BROKERAGE (COMMISSION-BASED)	INVESTMENT ADVISORY (FEE-BASED)

Below, we summarize the principal fees and costs you will pay in connection with our brokerage and investment advisory accounts and services:

Brokerage Fees and Expenses

Brokerage accounts can expect to incur the following fees and expenses:

Transactional Fees and Expenses: You will incur transactional Brokerage Expenses and Investment Company Expenses with respect to security purchases in your brokerage account, as described below under **Other Fees and Costs**, including commissions, markups and markdowns (analogous to a commission in a principal transaction involving a dealer), front-end or back-end (deferred) sales charges (for mutual fund transactions), and surrender charges (typically, for early withdrawals from variable annuities).

Transaction charges differ from one product to another. Because we receive a portion of transaction charges as compensation, we and your financial professional have an incentive to recommend products that have higher charges, and to encourage you to engage in more frequent transactions. These factors provide an incentive for us and your financial professional to recommend securities transactions based on the compensation to be received, rather than based on your investment needs.

Non-Transactional Fees and Expenses: You will also incur non-transactional expenses in connection with your investments, as described in more detail under **Other Fees and Costs** below, including without limitation: Investment Company Expenses; Cash Management Fees; Margin Interest Expenses; and Short Sale Expenses. As discussed below, because such expenses are asset-based and we receive a portion of such expenses as compensation, we have an incentive to encourage you to increase the assets invested in these types of accounts or receiving these services.

Advisory Fees and Expenses

Advisory accounts can expect to incur the following fees and expenses:

***Asset-Based Fees*:** For portfolio management services, we charge an "Advisory Fee" (and a "Platform Fee," for certain programs) (the Advisory Fee and Platform Fee are referred to jointly as the "Advisory Fee"); the Advisory Fee is payable quarterly in advance, based on a percentage of your account value (an "asset-based fee"). For asset-based fees, the more assets there are in your account, the more you will pay us in fees; consequently, we have an incentive to encourage you to increase the assets in your account. Your Advisory Fee rate(s) are described in your Advisory Agreement (or related advisory program documentation).
***Third-Party Program Fees*:** Client assets managed through a Third-Party Manager or Third-Party Program (wrap fee or non-wrap program) will pay the Program Fees, brokerage expense (if not included in Program Fee), internal investment, and other fees and expenses of the Third-Party Program and any Third-Party Manager (all the "Third-Party Fees"), in addition to our Advisory Fee with respect to such assets. Third-Party Fees are asset-based fees and are included in the assets upon which we calculate Advisory Fees you pay us; therefore, we have an incentive to encourage you to increase the assets in Third-Party Program accounts.
Wrap Program Fees: The wrap program arrangements we offer charge you the following asset-based fees: "Adviser Fee" (compensation for Ausdal), Platform Fee (charge by Ausdal for administration and operation of Program), Program Fee (charge for Third-Party Program administration and operation), Third-Party Manager Fees (fees of Third-Party Manager to manage assets in Third-Party Program, sometimes included in Program Fees). These asset-based fees include most transaction costs and fees of the broker-dealer with custody of client assets, and therefore are higher than a typical asset-based advisory fee.

Financial Planning & Consulting Fees: Financial planning or consulting engagements are negotiated between you and your financial professional, with terms typically providing for an estimated fee (based on an hourly or fixed fee rate), amount of a partial deposit in advance (typically 50%, subject to negotiation), and payment of balance upon completion.

Other Fees and Costs – In addition to the fees and expenses above, brokerage accounts and advisory accounts (including wrap accounts) will incur additional fees and costs. Examples of the most common additional fees and costs you will incur are described below:

- **Brokerage Expenses** – transaction-based commissions and mark-ups and mark-downs charged by brokers and dealers to execute securities transactions for your account (*not generally charged to wrap program accounts*); and electronic wire transfer fees, handling fees, mailing and delivery fees, exchange fees, miscellaneous service fees, account transfer fees, foreign exchange fees, and annual IRA fees charged by brokers, dealers, exchanges and financial intermediaries;
  - wrap program clients do not generally pay commissions for account transactions, but pay dealer spreads (mark-up/mark-downs on a "net" basis between dealers), and the types of **Brokerage Expenses** listed above;
- **Investment Company Expenses** – asset-based mutual fund and variable annuity front-end sales charges, back-end (deferred) sales charges, and surrender charges (typically, for early withdrawals from variable annuities) (sales charges are not generally charged to wrap program clients); and asset-based mutual fund, ETF, and variable annuity internal fees and expenses (including variable annuity mortality expenses), and asset-based mutual fund and variable annuity service fees (such as 12b-1 Fees) (may be charged to wrap program clients).
- **Cash Management Expenses; Margin Interest Expenses; and Short Sale Expenses** – asset-based fees and interest charged in connection with optional cash management account, margin account, and short sale program transactions and based on your cash management account balance, margin debit balance, and short sale transactions.
- **Custodial Expenses** – custodial and account maintenance or transfer fees, according to your custodial agreement. Depending upon your account and relationship, you may also incur periodic account maintenance, or transfer fees, as well as processing, service, and other account fees upon certain events or occurrences.
- **Other Product-Level Fees** – fees associated with specific investments made or held for your account.

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.

Additional Information - Detailed information about the fee ranges and rates, and related costs of our services, refer to the disclosures on our website by clicking this link https://www.ausdal.com/site-disclosures and refer to our Form ADV Part 2A Form ADV Part 2A, App. 1 Brochure, by clicking this link https://adviserinfo.sec.gov/firm/brochure/7995, and reviewing Items 5.A., 5.B., 5.C., 5.D., and 5.E.

Key Questions to Ask Your Financial Professional

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

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

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

Proprietary Products:" Proprietary products" are securities that are issued, sponsored, or managed by Ausdal or a person (entity) controlling or controlled by Ausdal, or under common control with Ausdal. From time to time, Ausdal has authorized the offering of securities by its financial professionals where Ausdal or an affiliate was associated with the issuer, sponsor, or manager. Ausdal and its financial professionals will earn compensation in connection with the offering and sale of these securities. The issuing company generally pays Ausdal fees and expenses, including ongoing due diligence and monitoring fees; and sponsorship and marketing fees for educational and marketing sessions to support Ausdal meetings. In some cases, Ausdal financial professionals or supervised persons may serve as officers or directors of the issuer (or an affiliate of the issuer) and may receive separate compensation. There is a conflict since Ausdal has an incentive to recommend these products based on the economic benefits it and its financial professionals will receive, rather than based solely on your investment needs.

Advisory programs are not traditionally "proprietary programs;" however, where Ausdal and an Ausdal senior manager have a financial interest (and an equity position, for the senior manager) involving an investment manager that develops and maintains model portfolios for one of the advisory programs, and provides buy and sell signals for program accounts, Ausdal treats this program similar to a proprietary program and discloses the relationship and conflict of interest in Form ADV Part 2A Brochure, Items 10 and 14.

Third-Party Payments: We receive a number of different forms of compensation from third parties when we recommend or sell the following investment products, including: (1) payments from Pershing based on our clients' assets in: the FundVest mutual funds, the Pershing Cash Management Sweep Program, and Pershing's margin and short sale programs; (2) payments from sponsors of brokerage products for due diligence and product education and marketing programs and conference support, including the Strategic Partners Program; and (3) reimbursements by Pershing and TD Ameritrade to reimburse new clients the transfer fees they incur to transfer their accounts, which facilitates the transfers and promotes goodwill. The third-party payments provide an incentive for Ausdal to recommend to its clients the services of the third-party making the payment to Ausdal based on Ausdal's interest in continuing to receive such payments, rather than the client's investment needs.

Revenue Sharing: The manager or sponsor of the following investments or the Sponsors of the following types of Third-Party Programs share with Ausdal a portion of the revenue such manager or sponsor receives with respect to those investments, or Third-Party Programs:

- Revenue sharing from Pershing, payments based on amounts charged to clients for Trade Handling Charges, Ticket Charges, Annual IRA Fees, and account transfer fees; and
- Revenue sharing from Third-Party Programs, based on (i) a share of Sponsor Program Fees; and (ii) payments of Sponsor Due Diligence and Marketing Support Fees.

Principal Trading: We buy and sell securities from our clients (referred to as "principal trades"). Principal trades carry incentives for us to act in our interest and against your best interest by setting the prices we buy from you lower than the contemporaneous market price, or the price we sell to you higher than the market price. When permitted in an advisory account, principal transactions require trade by trade consent by you; however, you should ask us about the prices we provide you.

Key Questions to Ask Your Financial Professional

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

Additional Information – For detailed information about our brokerage and advisory services, fees and compensation, and conflicts of interest, refer to disclosures on our website https://www.ausdal.com/site-disclosures, and refer to our Form ADV Part 2A Brochure and Form ADV Part 2A, App. 1 Brochure, by clicking this link https://adviserinfo.sec.gov/firm/brochure/7995, and review: information regarding conflicts involving our direct compensation (Proprietary Products) is available in Items 4, 5, 10, 11.B, and 14.A; information regarding conflicts involving indirect compensation (e.g., Third-Party Payments and Benefits) is available in Items 5.E, 10, 12 and 14.A.; and information regarding conflicts involving Principal Trading is available in Items 5.E, 10, 12 and 14.A.

How do your financial professionals make money?

Brokerage and Advisory Services: Financial professionals are compensated for their brokerage and investment advisory services based on a percentage of the following types of revenue:

- Commissions, and markups and markdowns earned in brokerage accounts, which vary by product;
- Front-end and deferred sales charges, and ongoing asset-based service fees (including 12b-1 fees) from mutual funds, 529 Plans, and variable annuities;
- Advisory fees (including Third-Party Fees) earned in investment advisory accounts, which you pay according to the terms of your Advisory Agreement; and
- Fees related to other products and services provided to you.

The revenue financial professionals receive will generally increase as the number of transactions in brokerage accounts, and amount of assets in advisory accounts increases; consequently, financial professionals are incentivized to increase transactions in your brokerage account, and assets in your advisory account based on the increase in compensation, rather than your investment needs.

Insurance Services: Many financial professionals are separately licensed to sell life, health, annuity, long-term care and disability products, and are appointed as agents ("Agents") by various insurance companies. These financial professionals will earn additional commission-based compensation in connection with client purchase of these insurance products, which is separate from, and in addition to, our advisory fees. This practice presents a conflict of interest because the financial professional has an incentive to recommend insurance products based on their interest in earning the additional compensation rather than based solely on your insurance needs.

Do you or your financial professionals have legal or disciplinary history?

Yes. Visit Investor.gov/CRS for a free and simple research tool to research our firm and our financial professionals**.**

Key Questions to Ask Your Financial Professional

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

Additional Information –You can find additional information about your brokerage and/or investment advisory services, and request a copy of this Relationship Summary by calling us at (800) 722-8732, or by clicking this link https://www.ausdal.com/site-disclosures.

Key Questions to Ask Your Financial Professional

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

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AUSDAL BROKERAGE SERVICES, COMPENSATION AND CONFLICTS DISCLOSURE

https://brokercheck.finra.org/
https://adviserinfo.sec.gov/
https://www.ausdal.com/site-disclosures

Introduction

About AUSDAL: AUSDAL FINANCIAL PARTNERS, INC. (referred to as “we,” “us,” or “AUSDAL”) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA). AUSDAL is also registered as an investment adviser with the SEC. AUSDAL operates across the United States.

AUSDAL has a network of individuals, referred to as “financial professionals”, who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of AUSDAL’S financial professionals are investment adviser representatives (IARs) of AUSDAL or a non-affiliated third-party investment adviser. AUSDAL sometimes refers to these specific financial professionals as “financial advisors” or “advisors.”

AUSDAL’S financial professionals are primarily independent contractors. AUSDAL financial professionals operate throughout the U.S. and often market services under their own business name. Some of the investment products offered may include various securities products, including mutual funds, exchange-traded funds, variable annuities, variable life insurance, municipal fund securities, alternative investments and general securities such as stocks and bonds.

This disclosure contains information about the business practices, compensation and conflicts of interest related to the brokerage business of AUSDAL.

Additional information about AUSDAL and its financial professionals is available on FINRA’s website at https://brokercheck.finra.org/. Information related to our advisory practices can be found in our Form ADV at https://www.ausdal.com/site-disclosures.

Capacity and Restrictions on Recommendations

Capacity: Brokerage and advisory services

As an AUSDAL client, you receive a broad scope of services whether we serve you as a broker-dealer, investment advisor or both. While there are similarities between the brokerage and advisory services we provide, there are important differences, including the pricing structures for these services and the provision of ongoing monitoring of accounts.

Brokerage relationships generate transaction-based compensation. In brokerage relationships, investors pay transaction-based fees in connection with the products and services they receive, such as buying and selling stocks, bonds, mutual funds, annuity contracts and other investment products. These include commissions, transaction fees, loads and sales charges. Compensation to AUSDAL includes these commissions, transaction fees, trail commissions, loads and sales charges that are embedded in the purchase price as well as compensation from third parties in some cases.

In a brokerage account, your total costs generally increase or decrease as a result of the frequency of transactions in the account and the type of securities you purchase. This presents a conflict in that the more you trade or invest, the more revenue we can generate from your account. When handling your brokerage account, we are obligated to ensure that our recommendations are in your best interest.

> **No Ongoing Monitoring in Brokerage Accounts:** In brokerage accounts, our financial professionals do not provide ongoing monitoring of your account after the recommendation. Our best interest obligation to you applies only at the time of the recommendation. If you desire to have your account monitored on an ongoing basis, ask your financial professional about establishing an advisory account relationship.

Advisory relationships have fee-based compensation. In advisory relationships, clients pay a set fee, or a fee based on a percentage of the assets in the account according to an investment advisory program agreement. In some circumstances, AUSDAL and our Financial Advisors receive additional compensation from third parties in connection with the assets in clients' advisory accounts. This compensation is in addition to the fee that a client pays for investment advisory services.

> **Ongoing Monitoring in Advisory Accounts**: When handling an investment advisory account, your financial professional will act as a fiduciary to you. Advisory services are provided pursuant to a written agreement with you. In an advisory relationship, we do provide ongoing monitoring of your account in accordance with the terms of the written agreement with you.

For more information about AUSDAL and the services financial professionals provide when they act as IARs, please see AUSDAL'S Form ADV disclosure brochures available on https://www.ausdal.com/site-disclosures or, in the case of a financial professional who is associated with a third party investment adviser, please refer to https://adviserinfo.sec.gov/ or contact that investment adviser for a copy of its Form ADV.

This disclosure discusses important information regarding financial professionals who act as registered representatives of AUSDAL' broker-dealer.

Limitations on Investment Recommendations

Although many financial professionals offer both brokerage and investment advisory services, some offer only brokerage services and others offer only investment advisory services. When you are discussing services with a financial professional, you should ask what capacity the financial professional is acting or will be acting – as a broker-dealer registered representative and/or an IAR – when providing services to you. You should also ask if there are limitations on the products or services a financial professional may offer by virtue of any of the following:

> **Limited Product Shelf**: There are thousands of recommended investment products on the market and AUSDAL does not offer all of them for sale to clients. Moreover, the scope of products and services we offer may be more limited than what is available through other financial service firms. AUSDAL and financial professionals offer recommend investment products only from investment sponsors with whom AUSDAL has entered into selling and distribution agreements. Other firms may offer products and services not available through AUSDAL, which presents a conflict since you are not able to purchase those products or services through AUSDAL. We disclose this conflict to you and mitigate it by maintaining a robust offering of products and services.

Proprietary Products: AUSDAL does not currently offer proprietary products.

Restrictions Based on Licensing: A financial professional's ability to offer individual products and services depends on his/her licensing. A financial professional holding a Series 6 license is limited to providing mutual funds, 529 plans, Unit Investment Trusts ("UITs") and variable annuity contracts. A financial professional holding a Series 7 license can offer all of the investment products a Series 6 representative can offer as well as individual stocks, bonds,
exchange traded funds ("ETFs"), and alternative investments (real estate investment trusts (REITs), limited partnerships (LPs), 1031 exchanges, Business Development Companies (BDCs), and private equity. A financial professional may also hold either the Series 65 or 66 licenses, or have attained a certification such as the Certified Financial Professional certificate, which enables them to offer advisory services.

You should ask your financial professional about the investment products or services he/she is licensed or qualified to sell, and his/her ability to service investments that you transfer to AUSDAL from another firm. You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at http://brokercheck.finra.org.
Licensing presents a conflict in that individuals have an incentive to offer you products or services that correspond to their licensing. We disclose this conflict to you and mitigate it by reviewing recommendations made to you by our financial professionals to ensure these recommendations are in your best interest.

Minimum Investment Amounts: Some products may impose minimum investment amounts, which precludes purchases under that amount. Purchase minimums can vary by issuer, but they are common in mutual funds (typically between $250 - $1000), annuities (typically $5,000 – 10,000), and alternative investments (typically between $2,500 - $50,000). Ask your financial professional or refer to the official product offering document if there are minimum purchase amounts applicable to the investment product you are considering.

Distinction Between Holding Products Directly with Sponsor or in a Brokerage Account: Exchange traded securities (i.e., stocks, bonds, options, ETFs) are only available for purchase in a brokerage account maintained at our custodian PERSHING, which sends you confirmations and account statements. Other securities, including mutual funds, variable annuities, and alternative investments, may be owned in either a brokerage account or directly held with the product sponsor ("directly held").

With a directly held account, AUSDAL facilitates the client purchases the investment directly with the product sponsor, which is responsible for sending you confirmations and account statements. In a brokerage account, you can hold several different types of securities, which can be more efficient because all the securities are included on one statement and you receive one Form 1099. With a directly held account, you may only hold products issued by that product sponsor. Brokerage accounts typically have annual maintenance fees and fees for transactions and other services (see our schedule of fees at AUSDAL.com/Disclosures) while directly held accounts typically do not charge such fees, which makes directly held accounts less expensive.

While there are important differences between brokerage and directly held accounts, we do not require your financial professional to open a particular type nor do we incent the financial professional to open one type over the other. Talk to your financial professional about which type of account is best for you.

Firm Revenue: Commissions, Fees, and Third-Party Compensation

We earn revenue primarily from clients. We also earn revenue from product sponsors and money managers ("third parties") who assist us in providing the investments and services that we offer you.

A. Revenue from Clients

Our brokerage revenue from clients includes:

1. Commissions: We receive Commissions you pay when you buy or sell equities and fixed-income investments (this applies when we act as agent or broker). We share this revenue with your financial professional.

2. Markups and markdowns: We receive revenue from markups and markdowns on your price when you buy or sell securities (this applies when we act as principal buying and selling from our own inventory, primarily for bonds). We share this revenue with your financial professional.

3. Sales loads: Sales loads (sales charges), commissions or concessions derived from the offering and sale of various managed investments such as mutual funds, unit investment trusts, insurance and annuities. A commission, or sales load, is typically paid at the time of the sale and can reduce the amount available to invest. For more information about other commissions that apply to a particular transaction, please refer to the applicable product disclosure form, investment prospectus, or offering document. We share this revenue with your financial professional.

- **Equities and Other Exchange Traded Securities**. The maximum commission charged by AUSDAL in an agency capacity on an exchange traded security transaction, such as an equity, ETF, exchange traded note (ETN) or closed-end fund (CEF), is the greater of $45 or 5% of the transaction amount. The maximum commission amount is based on a schedule which considers the price of the security, the number of shares in the transaction, and the total principal involved in the trade. Generally the higher the share price, the lower the number of shares, and the higher the principal involved in the order the lower the maximum commission charge as a percentage of the transaction amount. The maximum commission charged by AUSDAL on options transactions is $40 plus $5 per contract. Additionally, the financial professional can discount the maximum commission amount on any equity and other exchange traded securities transaction.

- **Bonds, CDs and Government Securities**. The maximum commission charged by AUSDAL in an agency capacity on bonds, CDs, and Government securities is typically 3%.

- **Mutual Funds and 529s**. The maximum commission or sales charge permitted under applicable rules is 8.5%, although the maximum is typically 5.75%.

- **Annuities**. The maximum upfront commission paid for new sales of annuities is typically 5.5%, but varies depending on the time purchased, and type of annuity, such as fixed, fixed index, traditional and investment-only variable annuities.

- **Alternative Investments**. For alternative investment products, such as hedge funds, private equity funds, non-traded business development companies (BDCs), real estate private placements, or real estate investment trusts (REITs), the upfront sales load and marketing fees vary but can be as high as 9%.

- **Unit Investment Trusts (UITs)**. The maximum upfront sales charge paid typically ranges from 1.85% to 3.95%, and can depend on the length of the term of the UIT.

B. Revenue from Third Parties

Our revenue from third parties includes:

1. Trail Compensation and/or 12b-1 Fees: Payments from mutual fund and insurance companies in the form of distribution and/or service fees (12b-1 fees), trail commissions or renewal commissions, which are fully described in the applicable prospectus or offering document. Trails are typically paid from the assets of the investment product and the amount is calculated as an annual percentage of assets invested by AUSDAL customers. The more assets you invest in the product, the more trails we earn. Therefore, we have an incentive to encourage you to increase the size of your investment. The percentage of assets received varies by product, which creates an incentive to recommend products paying higher trails. We share this revenue with your financial professional. This creates a conflict for your financial professional to recommend funds paying higher trail compensation. We manage this conflict by disclosing it to you.

- **Mutual Funds and 529s:** The ongoing 12b-1 trail payment depends on the class of shares but is typically between 0.25% and 1% of assets annually.
- **Annuities:** The amount and timing of trail payments varies depending on the issuer and type of policy purchased. The maximum trail payment for annuities is typically 1.5%.

- **Alternative Investments.** For alternative investment products, such as private funds, trail payments may be as high as 1.25% on an annual basis.

2. Revenue Sharing Payments: We receives payments known as revenue sharing from certain mutual fund companies, 529 plan program managers and insurance companies (collectively referred to as "product partners"). Our receipt of revenue sharing payments creates a potential conflict of interest in that we have an incentive to offer products from product partners that pay us revenue sharing. There is also a conflict in that AUSDAL receives more revenue for certain product types than others. We address these conflicts by disclosing them to you and by not sharing any of the payments with our financial professionals, who are free to offer various product types, as well as products from firms that do, or do not, pay revenue sharing to AUSDAL.

- <u>Mutual Fund Sponsors</u>: AUSDAL receives compensation of up to 0.25% on an annual basis of customer assets invested with certain mutual fund families. AUSDAL also receives flat annual payments at the discretion of certain fund sponsors as support for AUSDAL' product marketing and the education and training efforts for financial professionals in connection with the sale of their products.

- <u>Insurance Carriers</u>: AUSDAL also receives flat annual payments at the discretion of certain fund sponsors as support for AUSDAL' product marketing and the education and training efforts for financial professionals in connection with the sale of their products.

- <u>Direct Participation and Alternative Investment Sponsors</u>: AUSDAL offers alternative investment products, including direct participation programs (DPPs), REITs, LPs, 1031 exchanges, BDCs, and private equity. While the revenue sharing agreements with each alternative investment company may vary, we may receive up to 1.5% of the gross amount of sale for these products. Providers of alternative investment products also make payments to AUSDAL to support and participate in marketing and educational efforts, such as conferences and seminars.

- <u>UIT Sponsor:</u> AUSDAL receives fees, often referred to as volume concessions, from UIT sponsors that are based on a percentage of sales volume. These fees are set by the UIT sponsor and vary. The UIT prospectus contains detailed descriptions of these additional payments.

3. Revenue from PERSHING, LLC:

A. Miscellaneous Fee Revenue: For accounts held at our clearing firm, PERSHING, customers pay miscellaneous fees directly for account services, including but not limited to, transaction fees for purchases of products on the PERSHING platform, wire transfers, returned checks, transfer on death services, outgoing account transfers, account inactivity, margin extension fees, margin interest fees, IRA annual maintenance fees, and IRA termination fee. These charges are assessed against the customer's account and may include additional charges, or markups, that AUSDAL assesses for these account services. In some instances when a new financial professional joins AUSDAL, their former customers may determine to follow them to AUSDAL by moving their accounts from the prior firm, often incurring account closing fees in the process. In some instances, AUSDAL reimburses clients these account closing or termination fees and then receives reimbursement from PERSHING

Pershing Account Charges: For Client accounts maintained at Pershing, Clients are charged as follows:

o **Trade Handling Charges** - currently, clients are charged up to $6.75 per transactions;

o **Ticket Charges** - currently, clients are charged up to $30 per transaction, plus a per share charge for stocks/ETFs (typically, few cents per share, with minimum of $0.50);

o **Annual IRA Fees** - currently, clients are charged up to $35 per year for standard IRAs (more for Simples, 401k's, etc.); and

o **Transfer Fees** - currently, clients are charged $100 per account for transfers of IRAs and non-IRA accounts.

B. **FUNDVEST Revenue**: As Clients of Pershing, Clients are able to purchase "no-transaction fee" ("NTF") mutual funds available through the FundVest Program, without a transaction charge or sales load. Clients pay the internal management fees and expenses of the money market funds, or costs of bank deposit account products in which Client's Account is invested. AFP has entered into an arrangement with Pershing whereby Pershing pays AFP a monthly fee (up to 10 basis points annually, or $0.10 per every $100.00 annually) based on the value of Client assets invested in the Pershing FundVest funds, which includes approximately 3000 funds from approximately 200 fund families. Investments can be made in the FundVest funds without paying a load or a trading commission. These funds are called "No Transaction Fee" ("NTF") funds. Funds participating in FundVest pay Pershing fees to be on the FundVest list, and Pershing shares this compensation with AFP. Consequently, AFP has an incentive to recommend Client assets invest in the FundVest Funds based on increasing the compensation Pershing shares with AFP, rather than based on the Clients' investment needs or interests in purchasing mutual funds at the lowest costs. Clients should be aware that AFP does not share the FundVest Account Compensation with the Advisors, and thus this compensation does not influence the Advisors' decision to select the FundVest funds. Additionally, AFP's selection of the FundVest funds continues to be subject to the obligation to seek best execution in the purchase of securities for the Client's account.

C. **Money Market Funds Revenue:** Cash in a Client's account that is awaiting investment or reinvestment may be invested in cash balance, money market fund, or deposit account at the Custodian (or their affiliate), pursuant to an automatic cash "sweep" program. AFP receives compensation in connection with the Pershing Cash Management Sweep Program, which pays AFP a "distribution" fee based on the average money market fund balance, which can range from 10 to 50 basis points with respect to assets vested in money market funds (or from $0.10 to $0.50 for every $100 annually), depending on the total amount of eligible assets in the fund(s)). Clients should refer to the Prospectus and Statements of Additional Information of the money market funds in which they invest for further information regarding such payments.

The possibility of compensation provides an incentive for us to invest Client accounts in Pershing custodial accounts to increase the compensation we receive as Clients use the cash management features Pershing offers. We will also receive compensation from money market funds or deposit accounts used for cash management purposes, and this also provides an incentive for us to invest the account so as to increase this compensation, which may not necessarily represent the optimal investment of the Client's assets. Our recommendation of these investment products is based on the compensation we will receive rather than the Client's interest in the lowest cost, or better performing cash management products and services.

D. **Loan Advance Revenue:** Although AUSDAL participates in PERSHING's Loan program, which allows clients to access credit in the form of a non-purpose loan, AUSDAL does NOT receive revenue sharing payments from PERSHING for its assistance in facilitating this program. However, AUSDAL and its financial professionals do have an incentive to recommend that customers borrow money rather than liquidating some of their account assets so that AUSDAL and the financial professional can continue to receive brokerage commissions and fees on those assets.

4. **Fees Received from our Financial Professional:** AUSDAL provides services and technology to its financial

professionals for which it charges monthly fees. AUSDAL also charges fees for other administrative, compliance, and supervision services. Depending on the situation, these fees can make it more or less profitable for the financial professional to offer and recommend certain services or products over others. Additionally, AUSDAL may charge your financial professional transaction fees, which can vary by product. This can serve as an incentive to recommend investment products that carry the lowest transaction charges.

Financial Professional Compensation

AUSDAL generally compensates financial professionals pursuant to an independent contractor agreement, and not as employees. Described below are the compensation and other benefits that independent contractor financial professionals receive from AUSDAL.

Cash Compensation: When you buy or sell certain investments, such as stocks, bonds, exchange- traded funds, and other investment products, you pay to AUSDAL a commission or a sales charge. The amounts differ depending on the investment and the amount of the transaction. AUSDAL also receives payment from the mutual fund or insurance company if you buy mutual funds, annuities, or insurance policies. AUSDAL pays your financial advisor a portion of these charges and payments. The payout level may vary based on the financial professional's agreement with AUSDAL. Some investments provide more compensation to your financial professional than others, which creates a conflict in that it can influence the investment product recommendation. For information on the amount of the sales charge or commission applicable to your investment, please refer to either the product offering document (or prospectus) or the trade confirmation, as applicable.

1. Benefits: Financial professionals are eligible to receive other benefits based on the revenue he/she generates from sales of products and services. These benefits present a conflict of interest because the financial professional has an incentive to remain a registered representative of AUSDAL in order to maintain these benefits. These benefits include

- Contributions to defray cost of attendance to AUSDAL'S sponsored conferences

2. Trail Compensation and/or 12b-1 Fees: As discussed above under the Firm Compensation section, the firm receives, and shares with financial professionals, payments from mutual fund and insurance companies in the form of distribution and/or service fees (12b-1 fees), trail commissions or renewal commissions, which are fully described in the applicable prospectus or offering document. Trails are typically paid from the assets of the investment product and the amount is calculated as an annual percentage of assets invested by AUSDAL customers. The more assets you invest in the product, the more trails we earn. Therefore, we have an incentive to encourage you to increase the size of your investment. The dollar amount of trails received varies by product, which creates an incentive to recommend products paying higher trails. This creates a conflict for your financial professional to recommend funds paying higher trail compensation. We manage this conflict by disclosing it to you.

3. **Recruitment Compensation:** In limited cases, AUSDAL provides financial professionals financial incentives when they join our firm from another firm. In general, if your financial professional is joining AUSDAL from another firm, you should discuss the reasons your Financial Professional decided to change firms and any costs or changes in services you would incur by transferring your accounts to AUSDAL. This practices create an incentive and a conflict of interest for your Financial Professional to recommend the transfer of your account assets to AUSDAL.

4. Noncash Compensation: Third-party providers may also give financial professionals gifts up to a total value of $100 per provider per year, consistent with industry regulations. Third parties may occasionally provide financial professionals with meals and entertainment of reasonable value. We want you to understand that this creates a potential conflict of interest to the extent that this may cause financial professionals to prefer those Product Partners that provide these noncash incentives. We address these conflicts of interest by maintaining policies and procedures regarding the sale and supervision of the products and services we offer to you, and by disclosing our practices to ensure you make a fully informed decision.

5. Recognition and Awards: We strive to recognize the success of our financial professionals with awards and recognition, which may be interpreted as a type of incentive. The firm's RUMPUS is a recognition conference for the financial professionals with the most production during the prior year. Additionally, each year the firm sponsors a training meeting in which the highest producing financial professionals receive monetary assistance from the firm for travel and education costs. We receive payments from product sponsors to offset expenses for financial professional meetings and allow product sponsors to sponsor events or meals at these meetings. These payments create a conflict of interest in that financial professionals could have an incentive to recommend investment products offered by these product sponsors.

6. Compensation to Supervisory Principals: In addition, AUSDAL pays compensation to Office of Supervisory Jurisdiction principals based on sales of investment products and services in the branch. In some cases, financial professionals pay a portion of their compensation to their OSJ manager or another financial professional for supervision and/or administrative or sales support. There is a conflict ofinterest because the compensation affects the branch manager's ability to provide objective supervision of the financial professional. AUSDAL and OSJ managers have an obligation to supervise financial
professionals and may decide to terminate a financial professional's association with AUSDAL based on performance, a disciplinary event or other factors. The amount of revenue a financial professional generates creates a conflict of interest when considering whether to terminate a financial professional.

7. Revenue from a Financial Professional's Outside Business Activities (OBAs): Financial professionals are permitted to engage in certain AUSDAL-approved business activities other than the provision of brokerage and advisory services through AUSDAL. Financial professionals receive compensation and benefits from these activities and in certain cases they may earn more compensation from their OBAs than they earn through AUSDAL. Examples of common OBAs in which our financial professionals participate:

- Insurance product sales (e.g., fixed life insurance, property & casualty, health/dental)
- Tax preparation and/or accounting
- Employee benefits services
- Real Estate Agent
- Attorney
- Rental Property

A financial professional's OBAs are separate and distinct from their AUSDAL activities. Your financial professional may own the company through which the OBA is conducted. By engaging in OBAs, your financial professional may have an incentive to recommend you purchase products or services through the OBA and away from AUSDAL. If you engage with a financial professional for services separate from AUSDAL, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement. Additional information about your financial professionals outside business activities is available on FINRA's website at https://brokercheck.finra.org/.

Products: Fees, Costs, and Compensation

A. Mutual Funds, Closed-end Funds, and Exchange Traded Funds

1. Mutual Funds

Mutual funds are professionally managed portfolios of securities that pool the assets of individuals and organizations to invest toward a common objective, such as current income or long-term growth. All mutual funds are offered for sale through a prospectus, which you should read prior to investing in a fund. The prospectus describes the sales charges and expenses applicable to the fun and it describes the fund's investment objective.

All mutual funds charge investment management fees and ongoing expenses for operating the fund and these expenses can vary by the share class purchased. The most common types of mutual funds are Class A and Class C shares and AUSDAL only offers these two types in commissionable brokerage accounts. Some funds offer no-load share classes available in advisory programs. Funds may also offer special share classes for qualified retirement plans. The key distinctions between share classes relate to costs: the sales charge and operating expenses. Your financial professional's compensation is determined by the type of share class purchased.

Class A Shares: For class A share mutual funds, you typically pay a front-end sales charge, called a sales load, which is deducted from the initial investment. Mutual funds with front-end loads generally reduce the sales charge as the amount of your investment increases above certain levels, according to a breakpoint schedule. Sales charges for mutual funds investing predominantly in equities generally are higher than those of mutual funds investing primarily in bonds. Your front-end charges may be reduced or eliminated as the amount of your investment with the mutual fund company increases above certain levels. Such reduced charges are known as breakpoint discounts. At a certain level, typically $1 million, you may stop paying sales charges. Annual operating expenses for class A shares are generally lower than for class C shares. Please refer to the prospectus for the specific sales charges and expenses.

Class C Shares: For class C share mutual funds, you are normally not charged a front-end sales charge or a contingent deferred sales charge (CDSC) unless you sell shares within a short period of time, usually one year. The operating expenses are usually higher than those of class A shares. Class C shares do not offer breakpoint discounts. Class C shares typically are more appropriate for investors with a shorter investment time frame.

The mutual fund company pays AUSDAL a commission at the time you make your investment with the amount varying depending on the share class purchased and any applicable break point discounts.
AUSDAL pays a portion of this commission to your financial professional.

The product sponsor also pays us an ongoing distribution and/or service fee (12b-1 fees) that are paid out of fund assets for as long as you own your shares and we are the broker of record. Your financial professional receives a portion of these trail payments. Please ask your financial professional how he or she is paid for mutual fund transactions.

Money Market Mutual Funds: A money market mutual fund contains short term debt and monetary investments and has an objective of maintaining a stable net asset value of $1 per share. There are no sales charges when you buy a money market fund. There typically is no fee to redeem money fund shares unless the fund's board has determined to impose liquidity fees in certain circumstances. The fund's prospectus contains information regarding the fund's objectives, risks, investments, fees and expenses.
AUSDAL does not charge commissions or fees for the purchase or liquidation of money market funds. We do receive 12b-1 fees for distribution services we provide and share these with your financial professional.

Certain mutual funds may pay AUSDAL additional amounts known as revenue sharing payments, which are based on overall sales and/or assets on behalf of the fund or its fund family. For information about revenue sharing, please see the section of this document entitled Firm Revenue.

2. Exchange Traded Funds (ETFs)

An ETF is an exchange-traded security combining attributes of conventional stocks with mutual funds. ETFs are pooled investment funds that offer investors an interest in a professionally managed portfolio of securities that track an index, a commodity or a basket of assets. ETFs may be actively managed or passively-managed and they trade on stock exchanges where they may experience price changes throughout the day as they are bought and sold. Certain types of ETFs, namely leveraged ETFs and inverse ETFs are significantly riskier than basic ETFs.

We act as an agent for your ETF transactions, which means we send your order to an external venue to buy or sell shares of the ETF. You pay a commission based on the amount of the transaction, which we share with your financial professional. ETFs also carry built-in operating expenses that affect the ETF's return. For more information, please refer to the applicable offering document.

3. Closed-end Funds

A closed-end fund is a type of investment company that is typically actively managed in an effort to outperform market indexes. Close-end funds have a fixed number of shares that are publicly traded on an exchange. The share prices fluctuate based on investor supply and demand and there is no requirement that the share price match the Net Asset Value (NAV). Many closed-end funds trade at a discount to NAV. Open end mutual funds, on the other hand, are priced each day at NAV. Closed-end funds are not required to redeem shares.

We act as an agent for your closed-end fund transactions. This means we send your order to an exchange to buy or sell shares of the closed-end fund. You pay a commission based on the amount of the transaction. Closed-end funds also carry built-in operating expenses that affect the fund's return. Your financial advisor receives a percentage of the commissions from closed-end fund trades.

B. Unit Investment Trusts (UITs)

A UIT is an SEC-registered investment company that invests in a fixed, diversified group of professionally selected securities according to a specific investment strategy. Unlike open end mutual funds, the securities within the UITs portfolio generally are not actively traded and instead maintains more of a buy and hold approach to investing. As a holder of a UIT you own a portion of the securities in the trust.

UITs have a set termination date where the portfolio securities are sold and the proceeds are paid to investors. Prior to the UIT's termination, a holder may redeem shares by tendering back to the sponsor. The amount received will be based on the current value at the date of redemption, which may be less than the original amount invested. UIT sponsors continuously offer new series of UITs, which makes it possible for investors to purchase a new series of the UIT upon expiration of the current UIT.

In brokerage accounts, you typically pay either a front-end sales charge or a combination of front-end and deferred sales charges. The deferred sales charge is usually deducted from your account in periodic installments. We receive a portion of that sales charge from the provider sponsoring the UIT. The trust sponsor may also charge a "creation and development" fee (C&D) to compensate for the costs of organizing and offering the portfolio.

UITs have built-in operating expenses that affect their return. Details on the operating expenses and organizational fees are included in each UIT's prospectus. We may receive additional compensation based on our overall sales, or volume concessions, which are received from the unit trust sponsor. The potential volume concession amounts are detailed in each UIT's prospectus. For information about volume concession, please see the corresponding prospectus.

Your financial professional receives a percentage of the overall dealer concessions the product sponsor pays to AUSDAL as outlined in the prospectus. For fixed-income trusts, the dealer concession may vary based on the number of units underwritten. For information about underwriting concession, please see the corresponding prospectus. Your financial professional does not receive commissions from the sale or liquidation of UITs. Also, your financial professional does not receive direct compensation or any portion of volume concession payments we may receive from UIT sponsor.

C. Variable Annuities

Variable annuities are contracts issued by insurance companies into which the buyer makes a lump-sum payment or series of payments. In return, the insurer agrees to provide either a regular stream of payments beginning immediately (or at some future date) or a lump sum payout at a future time. The client pays premiums to the issuing insurance company. At the client's direction, the insurer allocates the client's premium payments to investment options, or sub-accounts (which are similar to mutual funds) comprised of stocks, bonds, or other investments. When you invest in a variable annuity, any growth credited to your account is credited to your account but is not taxed until you take distributions, at which point you pay taxes on any gains. Withdrawals before the age of 59 ½ may also incur a federal tax penalty. Please refer to the prospectus for information specific to the variable annuity you purchase.

Fees and charges: Because variable annuities possess insurance features, they have fees and/or expenses that are not found in other investment products. The fees or expenses that you pay vary depending on the terms and share class of the annuity purchased. The most common fees are as follows:

- **Surrender charge.** Most variable annuities do not have an initial sales charge. However, insurance companies usually assess a surrender charge — often called a contingent deferred sales charge (CDSC) — to an annuity owner who liquidates a contract or makes a withdrawal in excess of the free withdrawal provision (typically 10%) during the surrender charge period specified in the prospectus. The CDSC typically decreases over several years. Please read the prospectus carefully with regard to the applicable surrender charges.

- **Mortality & Expense Risk charge (M&E).** The insurance company charges you this fee for the insurance risks it assumes by providing you guaranteed[1] future payments and basic death benefits. In addition, this fee helps offset the cost of commissions paid.

- **Administrative fees.** These fees cover administrative costs associated with servicing the annuity, including the cost of transferring funds, tracking purchase payments, issuing confirmations and statements, recordkeeping, and customer service.

- **Contract maintenance fee.** This is an annual flat fee — approximately $25 or $30 a year — to keep the contract active. This fee may be waived on variable annuity contracts with account values over a certain dollar amount (for example, $50,000). See the prospectus for details.

- **Underlying fund expenses on subaccounts.** These fees cover the cost of managing the investments within the subaccounts.

- **Optional Rider costs.** Additional riders that provide protection for death and/or provide income may cost extra.

Commissions and Compensation: In brokerage accounts, we primarily offer B-share variable annuities, which are characterized by deferred sales charges that typically range from 5% - 7% in the first year and subsequently decline to zero after five to seven years. The commission payable to AUSDAL, which we share with your Financial Professional, ranges from between 3-6% of your initial investment, with an annual trail commission of up to 1% of the total value of the annuity. Your financial professional has the option to choose from a higher upfront commission with a lower trail payment or, conversely, a lower upfront commission with a higher trail payment. The total compensation paid with each of these options is generally comparable over time.

Certain insurance companies may pay us additional amounts known as revenue sharing. Please see the section of this document entitled Firm Compensation for additional information.

D. General Securities (Stocks and Bonds and Certificates of Deposit)

1. Common and preferred stocks: when you buy or sell stock, we will act as your agent and route your order to an exchange to buy or sell shares. You pay a commission based on the amount of the transaction, which we share with your financial professional. In the event of trade errors and corrections, we can either earn a profit or loss.

2. Bonds (Corporate, Municipal, Government): When you purchase bonds, we act as either principal or agent. If we act as agent, we will charge you a commission, expressed as a percentage of the dollar amount you buy and sell. If you buy a bond from our inventory or sell a bond that we purchase directly from you, we act as a principal and will either markup the price (for a purchase) or markdown the price (for a sale). The amount of the commission or markup or markdown will be reflected on the trade confirmation. We share this compensation with your financial professional.

3. Certificates of Deposit (CDs) and Structured CDs:
CDs issued by banks or S&Ls and have fixed interest rates and set maturity dates. We also offer market- linked CDs, which are CDs with a return based on a collection of stocks or a market index, such as the Dow Jones Index or a basket of equities. CDs and market linked CDs are FDIC insured

Structured CDs are offered by private issuers, are usually senior unsecured obligations of the issuer, and are not FDIC insured. While not FDIC insured, these CDs are principal protected if held to maturity, subject to the creditworthiness of the issuer. Some structured CDs may be callable, which gives the issuer the right to or obligation to call the security away from the owner at preset dates and index levels. Please read the prospectus to information relating to investment objectives, risks, charges, and expenses of structured CDs before investing.

For new issues, clients pay the initial offering price, which is set by the issuer. The offering price includes costs and fees associated with purchasing the security and includes selling concessions paid to AUSDAL. Clients are not charged additional sales charges or commissions. The offering price and a description of the costs and fees associated with a security can be found in the prospectus. AUSDAL imposes limits on the amount of structured CDs an investor may purchase. We share the selling commission received with your financial professional.

For CDs purchased in the secondary market, clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale), which generally consists of (1) the sales credit (effectively a commission) that varies based on the time to maturity and (2) the markup or markdown that the trading desk has included as part of the transaction. We share the markup/markdown with your financial professional.

E. Alternative Investments

AUSDAL offers alternative investment solutions that can include non-traded real estate investment trusts (non-traded REITs), non-traded business development companies (non-traded BDCs), non-traded closed- end funds, hedge fund offerings, private equity offerings, real estate private placement funds, oil and gas programs, interval funds, and 1031 exchanges and exchange funds.

These products are classified as "alternative" because they are unlike traditional brokerage securities, such as stocks and bonds, and are generally not traded on an exchange. In some cases, alternative investments have a negative correlation to traditional investments and are used to further diversify portfolios beyond the traditional asset classes to help manage risk.

Alternative investments are generally illiquid long-term investments (7-10+ years) and there typically does not exist a secondary trading market. For this reason, converting an alternative investment to cash prior to liquidation is extremely difficult and may not be possible. In some cases, it may be difficult to determine the current value of the asset. Units or shares of these types of investments may fluctuate in value. Therefore, at the time of redemption, they may be worth more or less in value than the original amount invested. Most of these offerings are sold by prospectus or offering memorandum, which contains more complete information including risks, costs and expenses. Investors should read these carefully before investing.

Additionally, these investments contain fees and expenses that are higher than those of other investment types. These products are complex, risky, and not appropriate for everyone. For this reason, there are heightened investor qualification requirements for purchases. There also could be a less expensive or less complicated product that is similarly appropriate for you.

When you invest in an alternative investment, the product sponsor pays us a sales charge or commission, which we share with your financial professional. In addition to this sales charge you will also be responsible for paying additional expenses relating to the organization and operation of the investment. As much as 12-15% of your investment can go pay for these expenses (which includes the sales charge). A complete description of these expenses can be found in the product prospectus. We share the sales charge received with your financial professional.