

## Client Relationship Summary

### Your relationship with AE Financial Services, LLC

#### Introduction

AE Financial Services, LLC (“AEFS” or “we” or “our”) is registered as a broker-dealer with the U.S. Securities and Exchange Commission and is also a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). We offer our clients brokerage services. You should understand that, as a broker-dealer, our services and fees are different than the services and fees of an investment adviser. It is important for you, the retail investor, to understand the differences between the two. Free and simple tools are available for you to research firms and financial professionals at [investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

#### What investment services and advice can you provide me?

**Description of services:** We offer brokerage services to retail investors, including buying and selling securities. This type of account is for individuals who do not need or want active monitoring of their account and intend to hold an investment for a long period of time. We do not make investment decisions for you or take discretion in your brokerage account or variable annuity and insurance products. We will make recommendations; however, you must approve the transactions. We do not provide investment monitoring for brokerage accounts.

**Limited product offerings:** We do not primarily recommend one type of security to clients. Instead, we recommend investments or products designed to be in the best interest for each client, relative to that client’s specific circumstances and needs. However, we are limited in investment selection in that we can only recommend securities that are available on our custodial platform or our approved products list. When providing you services, we do not recommend or offer advice on any proprietary products.

#### Conversation starters:

- Given my financial situation, should I choose a brokerage 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?

**Account & fee minimums:** We do not set an account minimum. However, investment companies or certain investment types that you have the opportunity to work with may set their own minimums.

For additional information, please see our fee schedule at [ae-fs.com/disclosures](https://ae-fs.com/disclosures).

#### What fees will I pay?

**Description of principal fees & costs:** With brokerage business, you open a brokerage account(s) with us through our clearing firm, National Financial Services, LLC. In a brokerage account, you can buy and sell a variety of securities like stocks, mutual funds, and ETFs. You typically pay a commission. Because your registered representative is paid a commission, they have an inherent conflict of interest to encourage you to have a high volume of trading activity to generate additional commissions. Certain account types are subject to annual custodial fees, and certain investments, for example, mutual funds, have additional underlying expenses, which can be found in the product’s prospectus. We encourage you to review the AEFS fee schedule and the custodian’s fee schedules for a listing of fees that may apply to brokerage accounts.

**Description of other fees & costs:** When you open a direct business account, you purchase securities directly from the product issuer. Common forms of direct business are purchases of mutual funds, variable annuities, or non-traded investments, such as real estate investment trusts. When you make these direct business purchases, it is brokerage business, and we will receive a commission. As with all brokerage business, we do not provide investment monitoring services for direct business accounts. The commission rates will vary depending on the product type. Regardless of the product you purchase, the commission or purchase charges will be detailed in the investment’s prospectus or private placement memorandum as well as your trade confirmation. With certain investments, you will pay a commission to the product issuer, who will share all or a portion of the commission with us, thus reducing the amount of your investment that “goes to work” for you. For example, if you invest \$100 in a mutual fund that has a 5% front-end sales charge, \$95 will go into the investment and \$5 will pay the front-end sales charge. This is common in mutual fund A-shares and non-traded investments. In other investment products, your entire purchase amount will be invested up front. For example, with variable annuities the product issuer of the annuity will pay us a commission, but the commission does not come directly out of your purchase amount. This does not mean these investments do not have fees and charges. The fees are paid over time and are typically reflected in the performance of the investment. This creates a conflict because the greater the investment, the greater the commission we generally receive. In addition to the commissions described, variable annuities and insurance have underlying fees and expenses, sometimes referred to as expense ratios. The underlying fees can vary widely from product to product. We encourage you to closely review the product’s prospectus or PPM to review these expenses.

**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 the fees and costs you are paying. You may find FINRA’s Fund Analyzer website helpful to learn about the expenses of mutual funds and ETFs. The website is located at: [tools.finra.org/fund\\_analyzer/](https://tools.finra.org/fund_analyzer/).

**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?

In addition to the fees and costs described above, you may have different expenses based on the products and services you choose. For example, you may be assessed a wire transfer fee.

*What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?*

**Standard of conduct:** When we provide you with a recommendation, we must 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 we provide you. Here are some examples to help you understand what this means. (1) We have an incentive to recommend that you make purchases or sales and make them on a frequent basis to generate additional commissions or fees. (2) After a sale, certain products such as variable annuities or mutual funds, continue to pay us a fee known as a “trail.” This gives us an incentive to make a recommendation to you for products that have trails over other products that do not.

**Conversation starters:**

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

**Examples of ways we make money and conflicts of interest:** (1) Some product companies we do business with, or products we sell, offer higher compensation to us than others. We have an incentive to recommend you purchase investments that pay us more. (2) Some third-party companies we work with give us additional benefits in exchange for recommending their products or services. These additional benefits include revenue sharing, technology, expense sharing, training, and client education events, to name a few. Some third-party companies we work with provide none of these

additional benefits. (3) AEFS receives compensation in the form of interest based on the Federal Deposit Insurance Commission’s interest rates on any cash in your brokerage account. As such, AEFS is incentivized to allow cash to remain in a brokerage account instead of being invested in a product or investment vehicle. (4) AEFS is under common control and ownership of several other entities, some of which your RR could recommend products in another financial capacity. Please see the AE Financial Services Regulation Best Interest Disclosure for more information on these companies.

**Additional Information:** For more information about our conflicts of interests and the ways we are compensated, please see [ae-fs.com/disclosures](https://ae-fs.com/disclosures).

*How do your financial professionals make money?*

**Description of how financial professionals make money:** We compensate our registered representatives with commissions for selling investments. This creates a conflict of interest because your representative has an incentive to recommend that you invest more in your account with us due to the potential for increased compensation. An additional conflict is created because the commission earned is higher on some products versus other products. For example, products requiring a longer holding period before you can access the funds without penalty typically pay a greater commission than investments meant to be held for shorter periods, thus creating a conflict. Our representatives may also receive non-cash compensation, such as reimbursement of travel-related and other certain expenses. Our representatives may also serve as licensed insurance agents and receive commissions, incentives, bonuses, and other economic incentives for selling insurance products, and “non-cash” compensation for sales of insurance products, including reward trips. The receipt of such compensation creates a conflict of interest. Some of our representatives also serve as investment adviser representatives of affiliate registered investment advisers, and earn a fee based on the level of assets they have under management, which creates a conflict. Please see the AE Financial Services Regulation Best Interest Disclosure for more information on these entities.

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

**Yes.** You can look up more information about us and our registered representatives at [investor.gov/CRS](https://investor.gov/CRS).

**Conversation starters:**

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

*Additional information about AE Financial Services, LLC*

Additional information about us and copies of this relationship summary are available at [ae-fs.com/disclosures/](https://ae-fs.com/disclosures/). 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 if an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?