

4250 Veterans Memorial Hwy., Suite 420E
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American Portfolios Financial Services Corporate Relationships and Revenue Sharing

American Portfolios Financial Services, inc., ("APFS"), through its independent registered representatives, offers a wide variety of investments to you, the investing client, such as mutual funds, alternative investments and variable insurance products including annuities. APFS also offers investments through its clearing firm, Pershing, LLC. When you purchase an investment you will pay either a sales charge at the time of purchase as in Class A mutual fund shares, or the sales charge may be built into the expenses of the product and/or charged to you at the time of sale as in Class B mutual fund shares. In order to be an informed investor in mutual funds, you should carefully read the informational documents such as the "prospectus" and "statement of additional information," which are provided by every mutual fund. In order to compare expenses by share class, FINRA provides an Expense Analyzer at:

<http://apps.finra.org/investor/Information/ea/1/mfetf.aspx>

A variable annuity is an insurance contract between you and an insurance company, under which the insurance company agrees to make periodic payments to you either immediately or commencing at some future date. Variable annuity contracts are usually purchased by either a single payment or by multiple payments and are designed to meet long-range goals. Although variable annuities are typically invested in mutual fund type accounts, they differ from mutual funds in three important ways. First, variable annuities may provide periodic payments for the rest of your life or the life of your beneficiary. Secondly, some variable annuities have a death benefit so that if you die before the insurance company starts making payments to you, your beneficiary is guaranteed, (based on claims paying ability of the issuer, a specified amount, generally, at least the amount of your payments for the annuity purchase). Lastly, variable annuities are tax deferred and you pay no taxes on the income and investment gains until you withdraw your money. Typically, variable annuities have higher charges than mutual funds and you will pay for each benefit provided by your variable annuity. These charges can reduce the value of your account and the return on your investment. It is important to review the detailed information provided in the "Variable Annuity Prospectus." Additionally, the SEC provides an educational website on variable annuities at:

<http://www.sec.gov/investor/pubs/varannty.htm>

Although we provide many investment choices to our independent registered representatives, we have chosen to concentrate our marketing and training efforts on a number of select companies (Strategic Providers). There are many criteria that determine our selection of Strategic Providers including whether they provide unique and competitive products, the highest level of customer service, availability of technology, training and sales support.

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Our Strategic Providers are generally more willing than other companies to provide our customers, registered representatives and managers education on the products they offer, information on market and industry trends, and investment ideas. Our Strategic Providers also receive input from our registered representatives and managers on recommendations and innovations for their products.

Our Strategic Providers pay additional amounts to APFS for making available marketing and training opportunities. Although APFS receives additional compensation from Strategic Providers, you do not pay more to purchase the investments of our Strategic Providers than you would pay at any other broker-dealer, nor does your registered representative receive any additional compensation.

There are many companies other than Strategic Providers with whom APFS enjoys an excellent professional relationship. These firms may from time to time send APFS payments to recognize our sales and marketing efforts and may be provided additional opportunities to educate our representatives in their investment products. Both these companies and Strategic Providers may reimburse up to 100% of the cost of training and education meetings as permitted by industry rules.

2010 Strategic Providers:

Mutual Funds

American Funds
DWS
Franklin/Templeton Investments
Oppenheimer Funds
Putnam Investments

Alternative Investments

American Realty Capital
Grubb and Ellis
Wells REIT
WP Carey

Insurance Companies

Allianz
AXA
Jackson National
John Hancock
MetLife
National Integrity
Nationwide
Pacific Life
Penn Mutual
Prudential