

Form ADV Part 3: Relationship Summary



Introduction

AE Wealth Management 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), or where our IARs use our internal investment committee and/or third-party, non-affiliated model 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. It involves one time and/or ongoing meetings to discuss your financial situation. 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 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 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. 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?*