

## **BROCHURE SUPPLEMENT**

(Part 2B of Form ADV)

**Nathan G. Strait**

**Telephone Number: 423-894-3882**

**CRD Number: 6267312**



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**January 9, 2017**

## **BROCHURE SUPPLEMENT Advisor Resume**

**Additional information is available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).<sup>1</sup>**

This Brochure (ADV Part II B) Supplement provides information about your advisor that supplements the American Portfolios Advisors, Inc. Brochure. You should have received a copy of that Brochure. Please contact the advisory services department at 631.870.8207 if you did not receive American Portfolios Advisors, Inc.'s Brochure, or if you have any questions about the contents of this supplement.

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## ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

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### Education and Business Standards:

APA maintains no rigid educational or business background requirements for its employees, but professional personnel generally have a minimum of a college degree or equivalent business experience. All associated persons providing investment advice are required to pass a securities examination. The IARs responsible for providing investment advice to clients must have successfully passed FINRA Series 65 or 66. FINRA grants exceptions to this rule if an IAR has a professional designation of Certified Financial Planner (CFP), Chartered Financial Consultant (ChFC), PFS, CFA or CIC.

### NATHAN G. STRAIT

YEAR OF BIRTH 1978

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### Executive Summary:

Since beginning his financial services career in 2013, Mr. Strait has served as a Registered\* Representative of American Portfolios Financial Services, Inc. (APFS) where he obtained his FINRA Series 7 (General Securities Representative) License, and the North American Securities Administrator Association (NASAA) Series 66 (Combined State Law Exam) License. Mr. Strait is also a Licensed Insurance Agent with Cox Financial Centers, Inc. an Independent Insurance Agency, located in Chattanooga, TN, where he obtained his Life, Health and Variable Contracts insurance license through the State of Tennessee. Mr. Strait is an Investment Adviser Representative of American Portfolios Advisors Registered\* Investment Advisory firm located in Holbrook, NY and under the direct supervision of its Supervisor, Richard L. Cox, Sr. CFP®, who also serves as Mr. Strait's Branch Manager for American Portfolios Financial Services, Inc. and his supervising General Agent at Cox Financial Centers, Inc. After graduating high school in 1997 he received a Bachelor's of Science in Business Administration and Human Resource Management in 2003. He began work as dispatcher for Comtrak Logistics in 2003 and became the Chattanooga Terminal Manager in 2008 until 2014, when he began his financial services career with Cox Wealth Management, LLC.

\* *Registered does not imply a certain level of skill or training*

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### License and Registrations

Nathan G. Strait is also licensed to sell securities and holds the following securities licenses: CRD # **6267312**

<b>Series 66 (Uniform Combined State Law)</b>	<b>2014</b>
<b>Series 7 (General Securities Representative)</b>	<b>2013</b>
<b>You can verify these licenses online at <a href="http://www.finra.org/brokercheck">http://www.finra.org/brokercheck</a></b>	

Nathan G. Strait is also licensed to sell insurance and holds the following insurance licenses:

Tennessee Department of Commerce and Insurance <b>Licensed Insurance Agent, Life, Health and Variable Contracts</b>	<b>2013</b>
TN License # 2248810, GA License # 2917794, AL License # 0692016	
TX License #1987727	<b>2015</b>
<b>You can verify licenses online at <a href="https://sbs-tn.naic.org/Lion-Web/jsp/sbsreports/AgentLookup.jsp">https://sbs-tn.naic.org/Lion-Web/jsp/sbsreports/AgentLookup.jsp</a></b>	

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## Professional Experience

### ***Cox Wealth Management, LLC, Chattanooga, TN***

Investment Adviser Representative, 2014 to 2016

### ***Cox Financial Centers, Inc. Chattanooga, TN***

Licensed Insurance Agent, 2013 to Present

### ***American Portfolios Financial Services, Inc.***

Registered\* Representative, 2013 to Present

### ***Comtrak Logistics, Chattanooga, TN***

Chattanooga, TN Terminal Manager, 2008 to 2014

### ***Comtrak Logistics, Chattanooga, TN***

Dispatcher, 2003 to 2008

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## Item 3: Disciplinary Information

Nathan G. Strait is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of each investment person providing advice to you. *Nathan G. Strait has no information required to be disclosed under this Item.*

## Item 4: Other Business Activities

In addition to his activities at American Portfolios Advisors, Inc. Nathan G. Strait is a Registered\* Representative of American Portfolios Financial Services, Inc. ("APFS") a registered\* broker-dealer with the Financial Industry Regulatory Authority, Inc. (FINRA), the Securities and Exchange Commission (SEC) and various states and which is a member of the Securities Investor Protection Corporation (SIPC). Mr. Strait is located in the Chattanooga, TN Branch office of APFS and is supervised by the APFS Branch Manager Richard L. Cox, Sr, CFP®. And is also affiliated with Cox Wealth Management a tax and accounting firm and Cox Financial Centers, Inc. an Insurance General Agency, both are unaffiliated companies with American Portfolios Financial Services, Inc or American Portfolios Advisors, Inc.

Nathan G. Strait is also a licensed insurance agent affiliated with the Cox Financial Centers, Inc. an insurance agency located in Chattanooga, TN, which is supervised by Richard L. Cox, Sr., the managing general agent.

Nathan G. Strait serves as a Deacon of the Crown Ministries program offered through Woodland Park Baptist Church, located in Chattanooga, TN. Mr. Strait also serves on the Financial Ministry Counsel, as well as the Follow-Up Committee Director for the, "Right on Time" Campaign at Woodland Park Baptist Church. He also works for 2JEK an agent for Carolina Transportation which is owned by his brother when needed by dispatching truck drivers. He also works for Chattanooga Valet Parking Service as a Valet and shuttle driver when needed.

\* *Registered does not imply a certain level of skill or training*

## Item 5 Fees and Compensation

### A. Description of Compensation

Nathan G. Strait bases his fees on a percentage of assets under management, hourly charges, and fixed fees (not including subscription fees) as more fully explained below.

Some *Retainer Agreements* may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

Financial plans are priced according to the degree of complexity associated with the client's situation and calculated as a Percentage of Net worth.

Fees are negotiable with the combining of multiple accounts or the purchase of additional services.

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### Types of Agreements

The following agreements define the typical client relationships.

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#### Financial Planning Agreement

A financial plan is designed to help the client with specific aspects of financial planning, which does not include investment advisory services unless elected under an agreement after the financial plan is completed or provided under the Pinnacle Advisory agreement described in this document.

The financial plan may include, but is not limited to: reviewing client short and long term goals and producing a current net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and risk management with recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding and planning recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is estimated upon the facts known at the start of the engagement. The **minimum fee is \$2,500.00** and increases for those clients with a total Net Worth above \$2,500,000.00 by calculating 1/10<sup>th</sup> of a percent of the total. *For example a \$5,000,000 (5 Million Dollar Net worth) times 1/10<sup>th</sup> of a percent would be \$5,000.00 (five thousand dollars).*

Total Net Worth is defined as the total assets over which the client has a beneficial interest in (*including trusts, estates, and foreign accounts*) less outstanding liabilities or obligations. This fee is negotiable with the purchase of other services. Discounts are routinely given to members of Clergy in recognition of their service to the community.

Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments and may require additional advice which is billed outside the scope of the financial plan. In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed, if a fee increase becomes necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month.

Follow-on implementation and review work is billed separately, according to the *Hourly Planning Engagement* schedule or under the complete services agreement as offered through the *Pinnacle Advisory Service* or the virtual financial plan as described in this document.

**Continuing Virtual Financial Plan** - This service is \$500.00 per year billed quarterly (\$125.00 per quarter) in addition to any hourly or portfolio fees you may pay for consultation or review.

Client elects to purchase the web-based service whereby CWM will regularly update the financial plan on a quarterly basis. Asset information is updated with information provided by the Client's custodians through an electronic link to our third party service provider. Thereafter our service provider will pull the information from the Client's preauthorized accounts and post the information to the virtual financial plan. *(For Manual entry assets which are not automatically updated, an additional hourly fee would be incurred for research and data entry.)*

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## **Pension Consulting Agreement**

Nathan G. Strait provides pension consulting for business clients seeking design, construction, custodian selection, investment selection, ERISA qualification and ongoing supervision of their pension plans.

*We may charge both hourly, retainer and/or ongoing management fees depending on the plan and the services requested by the client. Compensation is negotiated with the client in writing and disclosed per DOL and ERISA guidelines in a written client agreement prior to implementation.*

*APA will work with plan sponsors in the development and design of both ERISA and Non-ERISA qualified plans offering advice on design, construction, assets selection and ongoing reviews on a negotiated basis either hourly, negotiated fixed fee or assets fee (or combination) depending on the client needs.*

*In no event will APA allow a charge for individual participant investment advice at the same time they are acting as the advisor to the plan, per DOL regulations.*

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## **Employee Plan Review Agreement**

Nathan G. Strait also provides independent investment advice to individual plan participants of Employer sponsored qualified plans, whose employer has not signed an advisory agreement with us, for a flat fee of \$125.00 per review or \$400.00 per year if paid in advance.

These reviews include the analysis of participant plan investment options and developing recommendations from available investment choices according to the individual participant risk tolerance.

Clients are encouraged to have quarterly reviews and updates to monitor the account progress, but American Portfolios Advisors, Inc. does not offer continuous supervision due to lack of access to employee participant account information.

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## Pinnacle Advisory Service Agreement

Clients can choose to have American Portfolios Advisors, Inc. manage their financial affairs by using the *Pinnacle Advisory / Advisors Choice Services Agreement* in order to obtain ongoing advice and life planning. The Client engages the Adviser to monitor specified aspects of the client's financial affairs according to their request, including those of their dependent children. Realistic and measurable goals are developed and objectives to reach those goals are defined. The reviews of the defined goals and objectives are established and made available per client request, recommended changes are made and implemented upon client approval.

The Pinnacle Advisory Services includes: cash flow review; insurance review; investment and portfolio management (including performance reporting) ; education planning; retirement planning; estate planning; and tax planning advice, as well as including any Advisory fees for implementation of the recommendations within each area, it is understood that the Pinnacle Advisory Services agreement will supersede and include any hourly agreements or other advisory fees for the same services that would otherwise be chargeable.

The annual *Pinnacle Advisory Service Agreement* fee is based on a percentage of the investable assets according to the following current schedule:

### CURRENT FEE SCHEDULE

Account Value	Annualized Fee %*
\$ 5,000 - \$49,999	3.00
\$50,000 - \$99,999	2.68
\$100,000 - \$249,999	2.43
\$250,000 - \$499,999	2.20
\$500,000 - \$749,999	2.10
\$750,000 - \$1,249,999	1.80
\$1,250,000 - \$1,999,999	1.65
\$2,000,000 - \$4,999,999	1.55
\$5,000,000 - \$9,999,999	1.25
\$ 10,000,000 – UP	Negotiable

The minimum annual fee is negotiable with the purchase of additional services or the combining of additional accounts under unified management. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Although the *Pinnacle Advisory Service Agreement* is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion.

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## Eagle Asset Management Agreement

The CWM *Eagle Asset / Advisors Choice* agreement may be executed as a standalone agreement when Asset Management only services are desired as part of the relationship. Any additional advisory services will be billed under a separate agreement hourly or fixed schedule. The annual fee for the CWM *Eagle Asset Management Account* is based on the following fee schedule:

### CURRENT FEE SCHEDULE

Account Value	Annualized Fee %
\$ 5,000 - \$49,999	1.75
\$50,000 - \$99,999	1.45
\$100,000 - \$249,999	1.40
\$250,000 - \$499,999	1.35
\$500,000 - \$749,999	1.15
\$750,000 - \$1,249,999	1.00
\$1,250,000 - \$1,999,999	0.92
\$2,000,000 - \$4,999,999	0.82
\$5,000,000 - \$9,999,999	0.75
\$ 10,000,000 – UP	Negotiable

The minimum annual fee is negotiable with the purchase of additional services or combining of accounts. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

The client or the investment manager may terminate any advisory agreement by written notice to the other party. At termination, advisory fees will be billed on a pro rata basis for the portion of the month completed. The client will be refunded the balance of any fee owed within 14 days. The *adjusted balance* of the portfolio value billed monthly in advance and is used as the basis for the fee computation for asset management accounts, as adjusted by the number of billing days remaining in the month of termination.

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## Third Party Money Managers

When certain investment management services are desired to be added to a client's portfolio, which American Portfolios Advisors, Inc. does not provide, they will then seek out non-affiliated third party Investment Managers.

APA will conduct a due diligence process including a review of the outside firm's Form ADV, references, length of time in industry, performance, and management history. Once engaged they continue monitoring the manager and the ongoing portfolio performance against the client's stated goals and objectives.

The fee for this service is billed under the same schedule as the *Eagle Asset Management Account* fee schedule as described previously. Some Third Party Managers may deduct their fee from the assets they manage and also share part of it with American Portfolios Advisors, Inc. APA will offset client fees by the amount received from the Third Party Money Managers. In no event will the fee paid to APA exceed the amount normally received under a signed client advisory agreement.

The Third Party Manager will also have additional fees and expenses as compensation for their labor and expense. The Third Party Manager will disclose their fees in their Firm Brochure.



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## Hourly Planning Engagements

APA provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is according to the hourly fee schedule as follows:

Administrative (Record Keeping, Filing, Typing, Correspondence)	\$ 75.00 Hour
Para-Planner (Planning Associates, Staff Reports, & Research)	\$ 125.00 Hour
Professional (Asset Allocation, Investment Advice, Financial Planning)	\$ 255.00 Hour

Hourly fees are billable each month as incurred, plus any additional out of pocket expenses for postage, long distance phone calls, overnight charges, duplication expenses or any other direct expenses. APA makes an estimate for any hourly engagements that will take more than 3 hours and a deposit of 50% of the total estimated hourly fee shall be made at the beginning of any engagement.

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## Retainer Agreement

In some circumstances, a *Retainer Agreement* is executed in lieu of a *Fee Agreement* when it is more appropriate to work on a fixed-fee basis. The annual fee for a Retainer Agreement is negotiable based upon the estimated work and services desired by the client and is re-negotiated on an annual basis. If the contract is not re-negotiated then the agreement continues at the previously agreed rate until the agreement is either canceled or re-negotiated. The retainer is calculated on an annual basis but billed in equal quarterly installments.

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## Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying APA in writing and paying the prorated rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, American Portfolios Advisors, Inc. will refund any unearned portion of the advance payment.

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## B. Fee Billing

Investment management fees are billed monthly, in *advance*, meaning that the client account is debited at the beginning of each month *based upon the values provided by the custodian holding the assets using the "adjusted balance" method*. Fees are usually deducted from a designated client account as a convenience for clients. The client must consent in advance to direct debiting of their advisory account. The custodian will debit the fees payable with a detailed notice to the client on the custodian's statement.

Clients should be aware that option contracts are a "wasting" asset, in that they have value only through the date on which they expire. If call option contracts are sold in conjunction with securities held in a client account, (often referred to as "covered call options") the cash received on the sale of the option may have the effect of temporarily increasing the net equity value of the client account, and thus increasing the amount of the client advisory fee.

With respect to client accounts that utilize margin, the "net worth" or "net equity" value of the account, not the long or short market value, is used to determine the client advisory fee. No portion of the fee is based upon a share of capital gains upon, or capital appreciation of the funds under our management.

Hourly Fees and Retainer Fees are billed by invoice directly to the client on either a monthly or quarterly basis as agreed in the signed agreement. Payment in full is expected upon invoice presentation.

Fees for financial plans are billed 50% in advance, with the balance due upon completion of the financial plan.

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## Rate Changes

Rates and schedules are subject to change as necessary. American Portfolios Advisors, Inc. will notify the client of any new rates in writing. The effective date of the rate increase will be 30 days after notification. The client is supplied with a new rate schedule to be attached to their existing agreement within the 30 day notification period.

*Services provided by APA might be obtained elsewhere at either a higher or lower cost.*

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## C. Other Fees

Custodians may charge transaction fees, or basis points on portfolios to cover the cost of purchases or sales of certain mutual funds and exchange-traded funds, or stocks and bonds held in clients account as incurred at time of the transaction, additionally margin interest and loan advance fees are charged if elected by the client. Typically the selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

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## D. Advance Payment of Fees

Investment management fees are billed monthly, in *advance*, meaning that the client is invoiced at the beginning of each month, *as calculated by the qualified custodian holding the assets, using the "adjusted balance" method*. Upon termination the client will be refunded the fee paid to American Portfolios Advisors, Inc. prorata, less the remaining billable days in the month.

APA, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, purchase of multiple services, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

## Item 6: Additional Compensation

As a member and investment adviser representative of American Portfolios Advisors, Inc. Mr. Cox may be entitled to an end of year discretionary bonus, incentive stock or soft dollar credits on overall firm profitability. He may also be entitled to expense reimbursement for duties performed on behalf of the firm. As mentioned in Item 4, above, Mr. Strait may also receive commissions for the sale of certain investment and insurance products to clients if purchased through him in his capacity as either a Registered Representative or Insurance Agent. Additionally, as a Compliance Supervisor of American Portfolios Advisors, Inc. he is also compensated for his services by APA. He may also receive additional compensation for his services as the CEO of Legacy Trust and/or Advisor Planning Corporation or Cox Wealth Management, LLC per his employment agreements.

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## Item 7: Supervision

Nathan G. Strait trading practices are overseen by American Portfolios Financial Services, Inc and their Supervising Principal, Richard L Cox, Sr or his designated alternate per FINRA/SEC regulations. Mr. Cox can be reached by calling 1-800-929-3574.

## Item 8: Portfolio Construction and Analysis

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## A. Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Nathan G. Strait may use include Morningstar Research information, Dorsey Wright Momentum Research, ChartLab Pro and the World Wide Web.

Investing involves the risk of loss which clients should be prepared to bear, including the loss of principal. No investment strategy can protect a portfolio from all risks so clients should understand and be willing to accept the associated risks with investing.

## Risk of Loss

All investment programs have certain risks that are borne by the investor. American Portfolios Advisors, Inc. investment approach keeps the risk of loss in mind. Additionally Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Political Risk:** Laws governing any country are subject to change and as such can create financial stress when abruptly changed. This can affect a single industry or the broader economy causing unexpected results, sometimes known as "unintended consequences".
- **Derivative Risk:** When the value of an asset is based upon other underlying assets such as commodities or options contracts. The derivative can leverage the value of the asset by multiples resulting in increased volatility in either an up or down market.
- **Risk of Loss:** Investing carries with it the risk of loss, including the loss of invested principal. Understanding this risk can help investors decide how much of their money they are comfortable in placing in any given asset.

## **Tactical Asset Management**

The primary investment strategy used on client accounts is a tactical asset allocation strategy utilizing Relative Strength Studies. This means that Richard Lee Cox, Sr may use individual stocks, closed end mutual funds, and exchange-traded funds as the core investments, and then track the strength of the individual assets against their peer group and the broader sectors in which they are classified, either on a discretionary or non-discretionary basis as noted in the client agreement.

Richard Lee Cox, Sr may also employ a trailing stop to sell a position if it falls below their adjusted limits. He may also employ the use of ETN's electronic traded notes which base their value on underlying derivatives such as options or commodity contracts.

Portfolios are globally diversified to attempt to control the risk associated in traditional markets, however due to trading securities based on their relative strength it may also require trading securities more frequently during times of excessive market volatility. This can result in increasing trading costs and taxes (*in a taxable account*) both of which can result in reduced overall portfolio performance.

Other strategies affecting all type of Investment accounts may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (limited to covered options,).

## **Strategic Asset Management**

Richard Lee Cox, Sr will also provide strategic asset allocations for those clients wishing a traditional mutual fund allocation. This means they use mutual funds screened by their objective for each portion of the allocation model and then evaluated for the 1, 3, & 5, year performance. He further screens for manager experience, time at the firm, size of the fund and star rating by Morningstar. The allocation model once defined according to the client risk tolerance is then further adjusted for both the relative strength and the current economic outlook as determined by the advisor, ongoing supervision and management can be on either a discretionary or non-discretionary basis as noted in the client agreement.

## **Variable Annuity Asset Management**

American Portfolios Advisors through its Investment Adviser Representative Richard Lee Cox, Sr also provides discretionary management for variable annuity contract clients subject to the restrictions and limitations imposed on the contracts by the issuing insurance companies. He uses a rebalancing and investment selection process similar to the strategic asset management as described above.

Variable contracts have investment options known as sub-accounts which carry separate management fees in addition to the policy fees assessed by the insurance company for mortality and expense charges and any insurance riders which may be purchased. These fees are established by the issuing insurance company and investment managers of the sub-accounts. Any commissions paid to American Portfolios Financial Services, Inc. affiliated advisors will offset a like amount to any advisory agreement with American Portfolios Advisors, Inc. as long as the variable contract is part of a signed fee based advisory services agreement, and the fee is being paid.

The investment strategy for a specific client is based upon the objectives as stated by the client during consultations. The client may change these objectives at any time. The client must execute a Limited Power of Attorney for Variable Contracts allowing discretionary trading of the contract.

Upon termination of the LPOA the investment accounts remain as last allocated and the owner must instruct the Insurance Company or their agent directly if they desire any changes to be made. Once accepted by APA, this LPOA continues in effect until verbal or written notification of termination is received from the contract owner or the issuing insurance company. The electronic transaction privilege given to APA may be cancelled by the contract owner at any time by notifying the Insurance Company directly.

## **B. Types of Securities**

Assets are invested primarily in stocks, closed end funds, no-load or load mutual funds sold at Net Asset Value (*without a commission*) and exchange-traded funds, usually through discount brokers or fund companies. American Portfolios Advisors, Inc. may also use third party money managers to manage all or a portion of client assets if the need arises. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus.

Third-Party Money Managers charge a fee as disclosed in their respective Firm Brochure. Discount brokerages may additionally charge transaction fees and service fees for the purchase, sale or administration of investments.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a commission for stock and bond trades. American Portfolios Advisors, Inc. does not receive commission compensation directly from fund or brokerage companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, unit investment trusts, real estate investment trusts and mutual funds shares), U. S. government securities, options contracts, futures contracts, derivatives, and interests in partnerships.

Initial public offerings (IPOs) are not available through American Portfolios Advisors, Inc.