



May 4, 2018

RE: Non-Allocated Assets

To all Investment Adviser Representatives and Independent RIA Co-Advisors:

As you are aware, assets that are placed in client accounts associated with AE Wealth Management, LLC (AEWM) but have not been invested through the AEWM platform are considered non-allocated accounts. In order to ensure that we are meeting our obligations to our clients, we are modifying our policy regarding non-allocated assets and will begin withholding 30 basis points per annum for assets that remain non-allocated for more than 120 days. Accordingly, you are hereby notified that **Schedule A – Compensation Schedule** which is attached to the Investment Advisor Representative Agreement or Independent RIA Co-Advisory Agreement that you executed with AE Wealth Management, LLC is hereby modified to add the following language:

Non-Allocated Assets: Assets in client accounts that are established with AEWM will be considered non-allocated until such assets are invested through the AEWM platform (such as placement in an AEWM model, placement in a third-party model through the AEWM platform, or designating assets as advisor managed). Clients will not be billed for and Representative will receive no compensation for non-allocated assets. Representative agrees to use her/his best efforts to invest non-allocated assets through the AEWM platform within 30 days of the non-allocated assets being placed in a client account. AEWM will charge Representative 30 basis points per annum for any assets that remain non-allocated for 120 days or more. Such non-allocated asset charge will be withheld from Representative's monthly payout. The charge for any assets that are non-allocated for only part of a month will be prorated according to the number of days the assets were non-allocated for such month.

The above language will not be effective until 90 days after delivery of this notice. It is AE Wealth Management's intention to implement the provisions of the above language beginning with the September billing cycle. If you have any questions regarding this matter, please contact your AEWM Vice President.

Sincerely,

Caleb D. Crook
Chief Compliance Officer
AE Wealth Management, LLC