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# REGULATION BEST INTEREST DISCLOSURE SUPPLEMENT

This disclosure provides information about the business practices and conflicts of interest related to the managing Broker-Dealer of American Alternative Capital, LLC ("AAC"). Additional information about AAC and its financial professionals is available on FINRA's website at <http://brokercheck.finra.org>.

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## Introduction

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American Alternative Capital, LLC (“AAC”) is registered with the Securities and Exchange Commission (“SEC”) as a managing Broker-Dealer and is a member of Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). As a managing Broker-Dealer, AAC is the business of offering limited brokerage services to institutional customers via direct private placements.

Customers who choose to effect a transaction with AAC make the ultimate decision regarding the purchase or sale of investments. AAC does not choose investments for its customers, nor does it monitor its customers’ investments.

There are limitations to the types of investments and services AAC may approve and offer. There may be additional account types, products, securities, and services that are not offered by AAC, which may benefit you and your portfolio. Securities and services we offer may be available at a lower cost through another provider.

Some offerings are unavailable for investment due to insurance that does not cover certain investments, registrations that restrict the types of products or services some affiliated representatives can offer, or the time period in which a relationship became substantive for investments offered through Rule 506(b) of Regulation D.

In some cases, your financial professional might not be able to recommend a particular product and/or security which may benefit you and your portfolio. You can obtain information concerning your financial professional’s licenses and any limitations on that license, by visiting [www.brokercheck.finra.org](http://www.brokercheck.finra.org).

As you work with your financial professional to determine the right investments and services to help you achieve your investment goals, it is also important for you to understand how AAC and your financial professional are compensated. Broker-Dealer fees may differ, and it is important for you to understand how it may affect your investment. Various forms of compensation may create potential conflicts of interest, and it is important for you to assess potential conflicts of interest in making investment decisions.

This document is also intended to help you understand how AAC and your financial professional are compensated. Disclosures relating to our relationship with our clients are explained in our Customer Relationship Summary, also known as a Form CRS. Free and simple tools to research firms and financial professionals can be found at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers and investing.

**Please note that not all the conflicts described in this disclosure apply to a particular financial professional, his or her services, or all the products we manage. The types and amounts of compensation we receive will also change over time. You should ask your financial professional if you have any questions about compensation, costs, fees, or conflicts of interest that may apply to your account(s).**

## Compensation and Conflicts of Interest

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Different types of investments pay different types or amounts of compensation to AAC and/or your financial professional, which may create an incentive to offer investments that pay higher compensation. We may also earn other compensation that is not related to investments that creates an incentive to engage in activities that generate additional revenue. More information about how AAC and its financial professionals earn compensation, as well as the resulting conflicts of interests, is detailed below.

### Transactions with Sales Commissions

Typically, AAC and its financial professionals earn commission in the following ways:

- AAC offers a selection of products through members of selling groups. AAC is compensated by its sponsor clients to support the distribution of these investment programs. It is in AAC's best interest to see that the products it makes available as a managing Broker-Dealer are broadly sold.
- AAC receives payment if one or more of our sponsor clients' products are sold through selling groups of Broker-Dealer and investment advisors.
- Also, financial professionals registered with AAC may receive commissions if one or more of AAC's sponsor clients' products are sold to individuals. Financial professionals will have an incentive to execute transactions to earn commissions.

Sales commissions paid will differ with the type of product purchased, the share class purchased, and, in some cases, the amount of money you invest. Generally, sales commissions can range from 1% to 10% of the total purchase amount of an investment. Varying compensation creates an incentive to recommend investments that pay more compensation than others.

The performance of your investment will differ depending on the total fees and expenses charged, type of share class, and product selected, as well as any discounts that may apply. While sponsor companies seek to meet their objectives, performance is not guaranteed.

Additional information about the commissions, product expenses, and other charges associated with the investments you are purchasing, as well as the estimated impact on performance and any discounts available can be found in the offering document, which may also be known as the prospectus or private placement memorandum. We encourage you to also discuss fees, charges, discounts, and their impact on the performance of your account with your financial professional.

### Revenue from Third Parties

AAC may also receive revenue from third parties, such as the following:

- AAC may also receive compensation via a referral or introduction of a sponsor firm on sales made on their products sold to clients in which AAC is not the active managing Broker-Dealer.
- Payments from product sponsors for product onboarding and ongoing administration.
- Payments for conferences, marketing, due diligence events, meetings, or other industry events that we host. The amount of compensation can vary widely depending on the event. Typically, AAC allows product sponsors to provide information about their products and services, however, compensation for sponsorship is not contingent or connected with a specific transaction.

- AAC may periodically act as a consultant to other firms regarding wholesaling or fund distribution. AAC does not engage in consultative services regarding fund creation for a sponsor firm.

This additional compensation may create an incentive for AAC and its financial professionals to recommend certain investments or account types over others. Please note, the amount of revenue can change over time and may also vary based upon the amount of an investment, the account types, securities purchased, and investment sponsors. In order to receive specific and the most up-to-date information, customers should review the respective offering document.

## Non-Cash Compensation

AAC financial professionals may receive compensation other than revenue, also called non-cash compensation, from various product sponsors. Types of non-cash compensation can include the following:

- Marketing support;
- Occasional gifts or substantial promotional items not exceeding \$100 per sponsor per year;
- Occasional meals, event tickets, or other entertainment of reasonable or customary value;
- Qualification for additional business support and for attendance at seminars, conferences and entertainment events based upon total sales, as opposed to the sale of certain products.

This compensation creates a conflict of interest by incentivizing financial professionals to transact more business in total or with a specific sponsor that provides them with non-cash support.

## Financial Professional Compensation

Financial professionals receive an agreed upon percentage of the commissions received by AAC. The percentage of the compensation the financial professional receives is negotiated with the Firm and is based on a number of factors.

Financial professionals can also receive special recruitment or retention incentives such as forgivable loans and bonuses. These loans may be contingent on generating a certain level of revenue, which creates an incentive for the financial professional to recommend more costly products or recommend a greater number of transactions in order to generate the necessary amount of revenue.

## Other conflicts of interest

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- When approved, AAC financial professionals may engage in certain outside business activities. These activities may include, but are not limited to, real estate, accounting, insurance, legal, technology platforms and other professions. As a result, financial professionals who engage in these activities are incentivized to recommend certain products or services outside the scope of their relationship with AAC as it may generate additional compensation for the professional.
- Financial professionals sometime engage in business activities for clients while other clients are active in relevant markets at the same time. They are therefore incentivized to recommend investments to the benefit other investor accounts and certain trades could disadvantage the performance in a client's account.
- In addition, financial professionals may engage in personal trading or outside business activities, such as board memberships or directorships, which could conflict with a client's interests.

- AAC, its financial professionals, and other associated persons charitable and/or political donations could create the perception that we are seeking a quid pro quo.
- Further, AAC, its financial professionals, and other associated persons are periodically exposed to confidential information that may benefit them or a client.
- AAC allows our Financial Professionals to hold various licenses, which may limit what product and account types they can offer based on the securities license they hold. The limitations created by Financial Professionals holding various licensing categories create a conflict whereby the Financial Professional could offer a product or account type which would not best fit your needs because they are not authorized to offer a more comprehensive group of products or account types.

## Understanding Risk

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Our Firm does not provide tax, legal or accounting advice. Accordingly, we encourage each customer to consult their own personal tax, legal and/or accounting advisers in order to understand the potential consequences associated with a particular investment and/or strategy.

Investments in securities are not suitable for all investors. Investments in any security may involve a high degree of risk and should only be considered by investors who can withstand the loss of their investment. Private placement investments carry a high degree of risk, are speculative, illiquid, and may cause loss of entire investment. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment or investment strategy will be profitable for a customer's investment portfolio. Past performance is not indicative of future results. A customer should not assume that the future performance of any specific investment, investment strategy, or product will be profitable or equal to past or current performance levels. We cannot assure that the investment objectives of any client will be realized. Prospective investors should perform their own due diligence carefully and review the "Risk Factors" section of any prospectus, private placement memorandum or offering circular before considering any investment.

If you require any additional information regarding this document or any other matter, please visit our website at [www.americanaltcap.com](http://www.americanaltcap.com) or contact us at [support@americanaltcap.com](mailto:support@americanaltcap.com).