

Disclosure Brochure

April 22, 2013



This brochure provides information about the qualifications and business practices of Artesa Financial Group, LLC (hereinafter "AFG"). If you have any questions about the contents of this brochure, please contact Bobbi Cannon at (936) 760-2215. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Artesa Financial Group, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Artesa Financial Group, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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Item 2. Material Changes

This Item discusses only the material changes that have occurred since AFG's last annual update, filed March 25, 2013. AFG has no material changes to disclose.

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Item 4. Advisory Business

AFG is an investment adviser providing wealth management services including: asset/liability planning, investment advice, asset allocation strategies and portfolio construction recommendations. Offering conservative guidance based on a risk-first methodology, AFG understands that traditional allocations can be limited in capturing investor's personal concerns in collaboration with current market risks. Utilizing an independent structure and a defined process we obtain an objective and thorough understanding of the complexities of an investor's life. Ultimately, AFG seeks to provide solutions that are unique to each client's current and future financial circumstances.

Prior to engaging AFG to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with AFG setting forth the terms and conditions under which AFG renders its services (collectively the "*Agreement*"). Neither AFG nor the client may assign the *Agreement* without the consent of the other party. A transaction that does not result in a change of actual control or management of AFG is not considered an assignment.

AFG has been in business since June, 2010. Frank Cannon and Bobbi Cannon are the principal owners of AFG.

As of February 28, 2013, AFG has \$102,310,065 of assets under management, all of which were managed on a discretionary basis.

This disclosure brochure describes the business of AFG. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of AFG's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on AFG's behalf and is subject to AFG's supervision or control.

Wealth Management Services

Clients can engage AFG to manage all or a portion of their assets on a discretionary or non-discretionary basis. In addition, AFG may provide its clients with limited financial planning services.

In performing its limited financial planning services, AFG is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Clients are advised that it remains their responsibility to promptly notify AFG if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising AFG's previous recommendations and/or services.

AFG primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs") and individual debt and equity securities in accordance with the investment objectives of the client. AFG also provides advice about real estate investment trusts ("REITs"), master limited partnerships ("MLPs") and any other type of investment held in clients' portfolios at the beginning of the advisory relationship.

AFG also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, AFG either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

AFG tailors its advisory services to the individual needs of clients. AFG consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. AFG ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify AFG if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon AFG's management services.

Item 5. Fees and Compensation

AFG offers its services for a fee based upon assets under management. In addition, certain of AFG's *Supervised Persons* may offer insurance products under a commission arrangement.

Investment Management Fee

AFG provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by AFG. Any limited financial planning services provided by AFG will be provided as part of the overall management fee. AFG's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. AFG does not, however, receive any portion of these commissions, fees, and costs. AFG's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by AFG on the last day of the previous quarter. The annual fee varies (between 0.25% and 2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

AFG, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), AFG generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*"), TD AMERITRADE

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Institutional, a division of TD AMERITRADE, Inc. (“*TD Ameritrade*”) and/or Raymond James Financial Services, Inc. (“*RJFS*”) for investment management accounts.

AFG may only implement its investment management recommendations after the client has arranged for and furnished AFG with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, *TD Ameritrade* and/or *RJFS*, any other broker-dealer recommended by AFG, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties. These additional charges may include custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to AFG’s fee.

AFG’s *Agreement* and the separate agreement with any *Financial Institutions* may authorize AFG to debit the client’s account for the amount of AFG’s fee and to directly remit that management fee to AFG. Any *Financial Institutions* recommended by AFG have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to AFG.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees shall be calculated on a *pro rata* basis.

The *Agreement* between AFG and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. AFG’s fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities provided that AFG reserves the right to liquidate any transferred securities or decline to accept particular securities into a client’s account. AFG may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter. Clients may withdraw account assets on notice to AFG, subject to the usual and customary securities settlement procedures. AFG designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives.

Item 6. Performance-Based Fees and Side-by-Side Management

AFG does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

AFG provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

No Minimum Account Requirements

AFG does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies

AFG utilizes a proactive “risk first allocation” process. AFG believes risks to client objectives are dynamic events. Its commitment to clients is to put in place a process that addresses client needs while facilitating investment strategies that seek to preserve, grow, and provide lasting wealth. This begins with getting to know that client, outlining risk, allocating assets per investment environment and then continuously reviewing changes in clients’ needs and global capital markets.

Investments are allocated within a “risk-first allocation” category: conservative, moderate, and moderate aggressive. Conservative investment strategies are low volatility, income-producing securities that are designed to provide consistent returns, as well as funding for near-to-intermediate term client liabilities and/or reserve need. Moderate investments strategies provide slightly greater market exposure to certain sectors or equity investments, but with a focus on minimizing associated risk. Moderate Aggressive investment strategies provide higher market exposure to strategic asset classes, sectors, equity investments to pursue growth potential, but still maintaining a focus on minimizing associated risk. Portfolios can be a combination of each “risk first allocation” category or any one or two. AFG does not predetermine “risk-first allocation” targets as each finalized client portfolio is a result of stated needs and determined risk comfort level.

Investment strategies within each “risk-first allocation” category can be any one of, or a combination of, the following: individual stocks, individual bonds, ETFs, mutual funds, separately managed accounts and /or derivatives. Risk controls which address volatility, diversification and concentration are applied throughout construction of strategies. AFG uses a combination of qualitative and quantitative resources to review factors believed to impact markets->macro-economics, valuation and investor attitude. These factors determine security decisions as follows:

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- Fixed Income –credit, curve, currency, and country
- Equity – size, style, sector, currency, and country
- Alternatives – real assets and hedging

Methods of Analysis

AFG's primarily employs fundamental and technical methods of analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. AFG will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that AFG will be able to accurately predict such a reoccurrence.

Risk of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Market Risks

The profitability of a significant portion of AFG's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that AFG will be able to predict those price movements accurately.

Mutual Funds and Exchange Traded Funds

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual funds and ETFs are subject to secondary market trading risks. Shares of mutual funds and ETFs will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that a mutual funds' and ETFs' exchange listing or ability to trade its shares will continue or remain unchanged. Shares of the mutual fund or ETF may trade on an exchange at prices at, above or below their most recent net asset valuation (NAV), which is the price that an investor would buy or sell the mutual fund or ETF at. The per share NAV of a mutual fund or ETF is calculated at the end of each business day, and fluctuates with changes in the

market value of the mutual fund's or ETF's holdings. The trading prices of a mutual fund's or ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's ETF's shares trading at a premium or discount to NAV.

Item 9. Disciplinary Information

AFG is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. AFG does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

AFG is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Such relationships and arrangements are described below.

Receipt of Insurance Commission

AFG is under common control with Asset Guardian, LLC, a duly licensed insurance agency. Certain of AFG's *Advisory Affiliates*, in their individual capacities, are principals and licensed insurance agents of Asset Guardian, LLC, and in such capacity may recommend on a fully-disclosed basis the purchase of certain insurance-related products.

While the AFG does not sell such insurance products to its investment advisory clients, it does permit its *Advisory Affiliates*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that AFG recommends the purchase of insurance products where AFG's *Advisory Affiliates* receive insurance commissions or other additional compensation.

Educational Services

AFG has an affiliated company under common ownership, Artesa Consulting, LLC which provides non-personalized investment-related training to other financial advisors, their staff, and prospective financial advisors as part of its educational services, Artesa Consulting's institutional educational services generally address issues involving investment management, client relations and general operations duties. Artesa Consulting will charge a fixed and/or hourly fee for these services.

AFG anticipates that the following Supervised Persons will provide such services: Frank Cannon and Jessica Boehm. These individuals anticipate devoting less than 1% of their time to such consulting services.

Item 11. Code of Ethics

AFG and persons associated with AFG (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with AFG’s policies and procedures.

AFG has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by AFG or any of its associated persons. The *Code of Ethics* also requires that certain of AFG’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in AFG’s *Code of Ethics*, none of AFG’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of AFG’s clients.

When AFG is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when AFG is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact AFG to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, AFG generally recommends that clients utilize the brokerage and clearing services of *Schwab*, *TD Ameritrade* and/or *RJFS*.

Factors which AFG considers in recommending *Schwab*, *TD Ameritrade* and/or *RJFS* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab*, *TD Ameritrade* and/or *RJFS* enable AFG to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab*, *TD Ameritrade* and/or *RJFS* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by AFG's clients comply with AFG's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where AFG determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. AFG seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

AFG periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct AFG in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and AFG will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by AFG (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, AFG may decline a client's request to direct brokerage if, in AFG's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless AFG decides to purchase or sell the same securities for several clients at approximately the same time. AFG may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among AFG's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among AFG's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that AFG determines to aggregate client orders for the purchase or sale of securities, including securities in which AFG's *Supervised Persons* may invest, AFG shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. AFG shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that AFG determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be

purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, AFG may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist AFG in its investment decision-making process. Such research generally will be used to service all of AFG's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because AFG does not have to produce or pay for the products or services.

TD Ameritrade Platform and Additional Services

AFG participates in the institutional advisor program (the "Program") offered by *TD Ameritrade*. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. AFG receives some benefits from *TD Ameritrade* through its participation in the Program. There is no direct link between AFG's participation in the Program and the investment advice it gives to its clients, although AFG receives economic benefits through its participation in the Program that are typically not available to retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving AFG participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to AFG by third party vendors. Some of the products and services made available by *TD Ameritrade* through the Program may benefit AFG but not its client directly. These products or services may assist AFG in managing client accounts. Other services made available by *TD Ameritrade* are intended to help AFG manage and further develop its business enterprise.

The benefits received by AFG or its *Supervised Persons* through participation in the Program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. As part of its fiduciary duties

to clients, AFG endeavors at all times to put the interests of its clients first. clients should be aware, however, that the receipt of economic benefits by AFG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the AFG's choice of *TD Ameritrade* for custody and brokerage services.

AFG also receives from *TD Ameritrade* certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisers participating in the Program. Specifically, *TD Ameritrade* has agreed to pay for AFG's use of Morningstar, not to exceed an annual economic benefit of \$5,900. *TD Ameritrade* provides this additional service to AFG in its sole discretion and at its own expense, and AFG does not pay any fees to *TD Ameritrade* for this service. AFG and *TD Ameritrade* have entered into a separate agreement ("Additional Services Addendum") governing the terms of the provision of the additional services. This receipt of additional services does not diminish AFG's duty to act in the best interests of its clients, including its duty to seek best execution of trades for client accounts.

AFG's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to AFG, *TD Ameritrade* most likely considers the amount and profitability to *TD Ameritrade* of the assets in, and trades placed for, AFG's client accounts maintained with *TD Ameritrade*. *TD Ameritrade* has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from *TD Ameritrade*, AFG may have an incentive to recommend to its clients that the assets under management by Advisor be held in custody with *TD Ameritrade* and to place transactions for client accounts with *TD Ameritrade*.

Software and Support Provided by Financial Institutions

AFG may receive from *Schwab*, *TD Ameritrade* and/or *RJFS*, without cost to AFG, computer software and related systems support, which allow AFG to better monitor client accounts maintained at *Schwab*, *TD Ameritrade* and/or *RJFS*. AFG may receive the software and related support without cost because AFG renders investment management services to clients that maintain assets at *Schwab*, *TD Ameritrade* and/or *RJFS*. The software and related systems support may benefit AFG, but not its clients directly. In fulfilling its duties to its clients, AFG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that AFG's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence AFG's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, AFG may receive the following benefits from *Schwab* and/or *RJFS*: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services their respective institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

AFG may also receive reimbursement from mutual fund companies to cover the cost associated with expenses to attend conferences held by the mutual fund provider. AFG continues to act in the best interest of clients and does not allow this to influence investment decisions.

Item 13. Review of Accounts

For those clients to whom AFG provides investment management services, AFG monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of AFG's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with AFG and to keep AFG informed of any changes thereto. AFG shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Item 14. Client Referrals and Other Compensation

AFG is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, AFG is required to disclose any direct or indirect compensation that it provides for client referrals. AFG does not have any required disclosures to this Item.

Item 15. Custody

AFG's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize AFG through such *Financial Institution* to debit the client's account for the amount of AFG's fee and to directly remit that management fee to AFG in accordance with applicable custody rules.

The *Financial Institutions* recommended by AFG have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to AFG.

Item 16. Investment Discretion

AFG is given the authority to exercise discretion on behalf of clients. AFG is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. AFG is given this authority through a power-of-attorney included in the agreement between AFG and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). AFG takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

Item 17. Voting Client Securities

AFG is required to disclose if it accepts authority to vote client securities. AFG does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institution* and may contact AFG with any questions by calling the number on the cover of this Disclosure Brochure.

Item 18. Financial Information

AFG does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, AFG is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. AFG has no disclosures pursuant to this Item



Prepared by:



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The Adviser's Advisor®