

American Financial Network Advisory Services, LLC

Form ADV Part 2A Appendix 1 – Wrap Fee Program Brochure

Effective: February 21, 2013

This Wrap Fee Brochure provides information about the qualifications and business practices of American Financial Network Advisory Services, LLC (“AFN”) when offering services pursuant to a wrap program. If you have any questions about the contents of this Wrap Fee Brochure, please contact us at (818) 264-4644.

AFN is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Wrap Fee Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Brochure provides information about AFN to assist you in determining whether to retain the Advisor.

Additional information about AFN and its advisory persons are available on the SEC’s website at www.adviserinfo.sec.gov.

American Financial Network Advisory Services, LLC
CRD No: 160322
23975 Park Sorrento, Suite 250
Calabasas, CA 91302
Phone: (818) 264-4644 * Fax: (818) 222-2769
www.afn-net.com

Item 2 – Material Changes

Form ADV 2 Appendix 1 provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. In particular, this Wrap Fee Brochure discusses wrap fee programs offering by the Advisor.

AFN believes that communication and transparency are the foundation of our relationship and continually strive to provide our Clients with the complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

Material Changes

This Item discusses the material changes that have occurred since AFN's last annual update. As this is the initial Disclosure Brochure for AFN, there are no material changes to report.

Future Changes

From time to time, we may amend this Wrap Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Wrap Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of AFN.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

To review the firm information for AFN:

- Click **Investment Advisor Search** in the left navigation menu.
- Select the option for **Investment Advisor Firm** and enter **160322** (our firm's CRD number) in the field labeled "Firm IARD/CRD Number".
- This will provide access to Form ADV Part 2 – Appendix 1

You may also request a copy of this Wrap Brochure at any time, by contacting us at (818) 264-4644.

Item 3 – Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Services Fees and Compensation.....	4
Item 5 – Account Requirements and Types of Clients	5
Item 6 – Portfolio Manager Selection and Evaluation	5
Item 7 – Client Information Provided to Portfolio Managers	7
Item 8 – Client Contact with Portfolio Managers	8
Item 9 – Additional Information	8

Item 4 – Services Fees and Compensation

A. Services

AFN provides customized wealth advisory services for its Clients. The AFN Wrap Program (“Program”) is an investment advisory program sponsored by AFN, a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”).

AFN provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and consulting services. AFN works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio allocation.

AFN will then construct a portfolio, consisting of individual equity securities, diversified mutual funds, exchange-traded funds (“ETFs”), and/or individual fixed income securities to achieve the Client’s investment goals. For certain accounts, the Advisor may employ options strategies, including covered call options or collar strategies (selling call options and buying put options). The Advisor may also utilize other types of securities as appropriate to meet the needs of its Clients.

Depending on each Client’s unique circumstances, AFN may implement a Client portfolio using one of more of AFN’s model portfolios or develop a custom investment strategy. AFN will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by the Advisor.

Additional details on investment services are included in Item 4 of Form ADV Part 2A.

Investment Advisory Fees are paid quarterly in advance pursuant to the terms of the Investment Advisory Agreement. Investment Advisory Fees are based on the market value of assets under management at the end of the prior billing period. Investment Advisory Fees range from an annual rate of 2.25% to 1.15% based on the following schedule:

Assets Under Management	Custom Portfolios	Model Portfolios
Up to \$250,000	2.25%	1.35%
Next \$500,000 (Up to \$750,000)	1.65%	1.25%
Next \$1,250,000 (Up to \$2,000,000)	1.15%	1.00%
Over \$2,000,000	Negotiable	Negotiable

Certain Clients may have fees schedules or methodologies that vary from above. Additional information regarding fees are included in Item 5 of Form ADV Part 2A.

The Program is offered as a wrap fee program, which in this case means Clients have the ability to trade in certain investment products without incurring separate brokerage commissions or transactions charges. Investment Advisory Fees paid by the Client pay for both the investment advisory services and costs associated with the execution of transactions.

B. Program Costs

Services provided under the Program may cost the Client more or less than purchasing these types of investment management services separately. The costs of the Program will vary depending on services to be provided be to each Client as noted in Item 4.A. above.

AFN provides this Wrap Brochure as the Advisor pays all normal securities transactions costs associated with AFN investment strategies. The Program does not include securities transaction fees for Client-directed

transactions or costs associated with Further, the Program does not include the underlying expenses of mutual funds and exchange-traded funds, which are deducted directly from these investments. See Item C. Fees below.

C. Fees

Clients may incur certain fees or charges imposed by third parties in connection with investment made on behalf of the Client's account[s].

All fees paid to AFN for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of AFN, but would not receive the services provided by AFN which are designed, among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by AFN to fully understand the total fees to be paid.

D. Compensation

AFN is the sponsor and portfolio manager of the Program. AFN receives the advisory fees paid by Clients for participating in the program.

Item 5 – Account Requirements and Types of Clients

AFN offers investment advisory services to high net worth individuals, trusts, estates, charities, pension plans and institutional clients. AFN generally does not impose a minimum account size for establishing a relationship.

Item 6 – Portfolio Manager Selection and Evaluation

A. Portfolio Manager Selection

AFN acts as sponsor and as portfolio manager for the Program. The Advisor does not select third-party advisors to manage the Program.

B. Related Persons

AFN personnel act as portfolio managers for the Program. AFN only manages this wrap fee program. It does not act as portfolio manager for any third-party wrap fee programs.

C. Supervised persons

AFN supervised persons act as portfolio managers for the services described in this Wrap Brochure. AFN offers investment advisory services to high net worth individuals, trusts, estates, charities, pension plans and institutional clients.

For accounts managed through the Program, AFN will then construct a portfolio, consisting of individual equity securities, diversified mutual funds, exchange-traded funds ("ETFs"), and/or individual fixed income securities to achieve the Client's investment goals. The Advisor may also utilize covered call options and other types of securities as appropriate to meet the needs of its Clients.

Depending on each Client's unique circumstances, AFN may implement a Client portfolio using one of more of AFN's model portfolios or develop a custom investment strategy. AFN will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by the Advisor.

AFN's investment strategy is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. AFN will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by the Advisor.

AFN evaluates and selects securities for inclusion in Client portfolios only after applying their internal due diligence process. AFN may recommend, on occasion, redistributing investment allocations to diversify the portfolio. AFN may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. AFN may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

Client Account Management

Prior to engaging AFN to provide investment advisory services, each Client is required to enter into an Investment Advisory Agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Wealth Planning – AFN provides comprehensive advice and guidance relating to the financial goals of its Clients.
- Establishing an Investment Policy Statement – AFN, in connection with the Client, may develop a statement that summarizes the Client's investment goals and objectives along with the broad strategy[ies] to be employed to meet the objectives.
- Asset Allocation – AFN will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – AFN will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – AFN will provide investment management and ongoing oversight of the Client's portfolio and overall account.

Performance-Based Fees

AFN does not charge performance-based fees for its investment advisory services. The fees charged by AFN are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client. AFN does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

Methods of Analysis

AFN primarily employs both fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from AFN is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others. As noted above, AFN generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. AFN will typically hold all

or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, AFN may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. AFN will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate.

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 AFN will be able to accurately predict such a reoccurrence.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis. The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

Management Through Similarly Managed Accounts

AFN often manages Client portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "investment strategy"). In so doing, AFN buys, sells, exchanges and/or transfers securities based upon the investment strategy. AFN's management using the investment strategy complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company. Securities in the investment strategy may be exchanged and/or transferred without regard to a Client's individual tax ramifications. As further discussed in response to Item 12.B. of Form ADV 2A, AFN allocates investment opportunities among its clients on a fair and equitable basis.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.

Voting Client Securities

AFN does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

Item 7 – Client Information Provided to Portfolio Managers

AFN is required to describe the type and frequency of the information it communicates to any external managers that may be involved in managing its Clients' investment portfolios. AFN serves as the sole portfolio manager under the Program and, as such, the firm has no information to disclose in relation to regarding this Item.

Item 8 – Client Contact with Portfolio Managers

AFN is the sponsor and sole portfolio manager for the Program. There is no restriction on the Client's ability to contact AFN.

Item 9 – Additional Information

A. Disciplinary Information and Other Financial industry Activities and Affiliations

Disciplinary Information

There are no legal, regulatory or disciplinary events involving AFN or any of its employees. AFN and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter **160322** in the field labeled "Firm IARD/CRD Number". This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions.

Other Financial Activities and Affiliations

Broker-Dealer Affiliation

Advisory Persons of AFN may also be registered representatives of Securities America, Inc. of LaVista, NE (herein "SA"). SA is a registered broker-dealer (CRD No. 10205), member FINRA, SIPC. In each Advisory Person's separate capacity as a registered representative of SA, the Advisory Person will typically receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by AFN's Advisory Persons. Neither the Advisor nor its Advisory Persons will earn investment advisory fees in connection with any services implemented in an Advisory Person's separate capacity as a registered representative where commissions are earned.

Insurance Agency Affiliations

Certain Advisory Persons of AFN are also licensed insurance professionals. Insurance sales are implemented separate and apart from an Advisory Person's role with AFN. As an insurance professional, Advisory Persons may receive customary commissions and other related revenues from the various insurance companies whose products are sold. Commissions generated by insurance sales do not offset regular advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by AFN or its Advisory Persons.

B. Code of Ethics, Review of Accounts, Client Referrals, and Financial Information

Code of Ethics

AFN has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with AFN. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. AFN and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of AFN associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. AFN has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (818) 264-4644 or via email at bellen@afn-net.com.

Personal Trading and Conflicts of Interest

AFN allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you. At no time, will AFN or any associated person of AFN, transact in any security to the detriment of any Client.

Review of Accounts

Accounts are monitored on a regular and continuous basis by advisory persons of AFN. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify AFN if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

Other Compensation

Participation in Institutional Advisor Platform

AFN has established an institutional relationship with Schwab to assist the Advisor in managing Client accounts. Access to Schwab is provided at no charge to the Advisor. AFN receives an economic benefit from Schwab in the form of the support products and services it makes available to AFN and other independent investment advisors that have their Clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to AFN of Schwab's products and services is not based on AFN or its advisory persons giving particular investment advice, such as buying particular securities for our Clients.

Following are some of the benefits that AN and its Clients derive from AFN's relationship with Schwab.

Services that Benefit You.

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph generally benefit the Client and the Client's account(s).

Services that May Not Directly Benefit You.

Schwab also makes available to AFN other products and services that benefit us but may not directly benefit the Client or your account(s). These products and services assist AFN in managing and administering our Clients' accounts. Schwab provided AFN with investment research and also makes available software and other technology that:

- provide access to Client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple Client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our Clients' accounts; and
- assist with back-office functions, recordkeeping and Client reporting.

Services that Generally Benefit Only Us.

Schwab also offers other services intended to help AFN manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to AFN. Schwab may also discount or waive its fees for some of these services or pay (reimburse) all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Client Referrals from Solicitors

If an unaffiliated solicitor introduces a Client to AFN, AFN may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. The solicitor will disclose the nature of the solicitor relationship with AFN at the time of the solicitation. In addition, the solicitor will provide each prospective client with a copy of this Disclosure Brochure, and a copy of the written disclosure statement from the solicitor to the Client disclosing the terms and conditions of the arrangement between AFN and the solicitor, including the compensation the solicitor will receive from AFN.

Financial Information

Neither AFN, nor its management has any adverse financial situations that would reasonably impair the ability of AFN to meet all obligations to its Clients. Neither AFN, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. AFN is not required to deliver a balance sheet along with this Disclosure Brochure, as the firm does not collect advance fees for services to be performed six months or more in advance.