

ARMSTRONG, FLEMING & MOORE, INC.

Part 2A of Form ADV Brochure

1850 M Street, NW
Suite #250
Washington, DC 20036
202-887-8135
www.afmfa.com

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This brochure provides information about the qualifications and business practices of Armstrong, Fleming & Moore, Inc. (“AFM”). If you have any questions about the contents of this brochure, please contact us at 202-887-8135. 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 AFM is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure updates AFM’s brochure as filed with the SEC in March, 2014. There have been no material changes to AFM’s business, services provided, or conflicts of interest with clients in the last 12 months.

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Advisory Business

AFM was founded in 1983 and is primarily owned by the four principals. As of December 31, 2014 AFM managed \$317,672,194 million on a discretionary basis and \$164,978,925 on a non-discretionary basis on behalf of approximately 269 household Clients.

Portfolio Management Services

AFM offers Clients investment management services as covered in the Portfolio Management Agreement where each Client's investment account and portfolio is managed on a regular and continuous basis. AFM may assist Client in determining, among other things, suitability, investment objectives, goals, time horizons, and risk tolerances. The Client's personal investment allocation will be developed from these goals and objectives, and AFM will manage the Client's portfolio based on that allocation. Account supervision is guided by stated objectives of the Client (i.e., maximum capital appreciation, growth, income, or growth and income).

AFM believes that to the extent possible, the firm must tailor portfolio investment strategies to the needs of the individual Client. In general, the firm's investment philosophy is to seek to achieve capital appreciation and/or current income within the constraints of prudent risk-taking in accordance with the Client's ability and willingness to accept risk. However, individual portfolio strategies will vary according to the Client's stated objectives. Portfolios are structured to meet current investment objectives of the Client and to anticipate future needs and changes in the Client's longer term goals.

AFM will manage advisory accounts on a discretionary or a non-discretionary basis. Within its non-discretionary capacity, AFM may with clients consent, purchase or sell securities to meet the cash needs of the Client on an as needed basis. These purchases and sales will be executed in a manner such that the resulting allocations will generally match the allocation in the account prior to the purchase or sale. However, in situations where consent to a transaction is required, non-discretionary Clients will forgo trading until such time as AFM can contact the Client. The unavailability of a client to authorize a transaction may have a materially negative impact on performance of the Client's account; Accordingly, Client assumes all risk.

Commonwealth Equity Services, Inc. is a FINRA-registered broker/dealer and SEC-registered investment advisor. Commonwealth Equity Services, Inc. has adopted the "doing business as" name of Commonwealth Financial Network (hereinafter referred to as "Commonwealth").

AFM has entered into an agreement with Commonwealth to offer AFM Clients access to Commonwealth's PPS Custom Account Program, PPS Select Account Program, and PPS Direct Account Program. In the case of the PPS Custom Account Program, AFM will assist Clients in the development of personalized asset allocation programs. In the case of the PPS Select Account Program, portfolio management is provided by Commonwealth's Asset Management team. In the case of the PPS Direct Account Program, AFM offers the services of approved money management firms referred to as "Sub-Advisors" to assist in managing Client portfolios.

AFM Clients who participate in one or more of Commonwealth's PPS Programs will receive Commonwealth's Form ADV Part 2 or Wrap Fee Brochure, in addition to AFM's Form ADV Part 2. Clients should refer to Commonwealth's Form ADV Part 2 or Wrap Fee Brochure for

detailed information about Commonwealth and Commonwealth's PPS Programs,

Clients utilizing AFM's portfolio management services must utilize the brokerage services of Commonwealth, of which advisory personnel of AFM are registered representatives (See Other Financial Industry Activities and Affiliations for more information). Fees for brokerage/execution will be charged pursuant to Commonwealth's then current transaction schedule, which will be provided separately upon request. Accounts held at Commonwealth may also be subject to custodial and account servicing fees. AFM has no revenue or profit interest in such fees.

Financial Planning Services

AFM offers financial planning services, including comprehensive or segmented (limited) financial plans, investment plans, and/or individual consultations regarding a Client's financial affairs as covered in the Financial Planning Agreement. The design and implementation of a financial plan may begin with the process of gathering data regarding income, expenses, taxes, insurance coverage, retirement plans, wills, trusts, investments and/or other relevant information pertaining to a Client's overall financial situation. This information is carefully analyzed taking into account a Client's goals and stated objectives, and a series of recommendations and/or alternative strategies will be developed which are designed to achieve optimum overall results.

Financial planning Clients are under no obligation to implement any recommendations through AFM. However, AFM will be available to help the Client implement the recommendations, including by providing securities (through Commonwealth) and insurance brokerage where representatives of AFM have a profit interest in such transactions. Transaction and account fees will generally follow the summary schedule included in the Portfolio Management section above.

Hourly Consultation Services

In addition to offering portfolio management and financial planning services, AFM may also offer specific administrative and consulting services on an hourly basis. This hourly consultation service may take the form of general investment advice or other forms of consulting arrangements. For consultation services provided by AFM, Client shall agree to pay AFM hourly fees at the rates set forth in the schedule included in the Financial Planning section above.

Fees and Compensation

Clients paying asset based fees will be billed at the end of their specified quarterly schedule based on the ending balance. Clients will be billed pro-rata for any partial calendar quarters. Payment is due no later than 30 days after receipt of the portfolio report.

Payments of fees may be made directly by the Client, or by the custodian holding the Client's funds and securities. However, two criteria must be met when payment is made by the custodian: (1) the Client provides written authorization permitting the fees to be paid directly from the Client's account held by the independent custodian; (2) the custodian agrees to send to the Client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to AFM.

AFM's standard fee schedule is as follows:

<u>Assets under management</u>	<u>Annual Fee</u>
First \$10 Million	1.25%
Amounts in excess of \$10 Million & up to \$15 Million	1.00%
Amounts in excess of \$15 Million	0.75%

Portfolio management services provided to assets held in employer retirement plan are charged an annual fee of 0.25%.

Note: The above-referenced fee schedule reflects the standard fees charged by AFM, however, fees are negotiable. AFM will aggregate related Client accounts under management for purposes of application of the fees noted above.

All fees paid to AFM for portfolio management services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may also pay an initial or deferred sales charge. A Client could invest in a mutual fund directly, without the services of AFM. In that case, the Client would not pay an investment advisory fee to AFM. However, the Client also would not receive the services provided by AFM, which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds and the fees charged by AFM to fully understand the total amount of fees to be paid by the Client in order to evaluate the advisory services being received.

The fees charged by AFM will never be based on the capital gains or the capital appreciation of any client portfolio except as described above.

A Client's Investment Advisory Agreement may be cancelled at any time, by either party, for any reason upon receipt of written notice to the other party. Upon termination, any unpaid fees will be due for an amount that is pro-rated based on the number of days that the account was managed.

In consideration of financial planning services provided by AFM, the Client shall agree to pay AFM hourly fees as follows:

Principals	\$350 per hour
Financial Planners	\$200 per hour
Portfolio Analyst	\$150 per hour

These hourly fees generally may be negotiable at the discretion of AFM.

General Information on Fees

Fees for financial planning and consultation services that are charged on an hourly basis may require fifty percent (50%) of total fee due in advance based on an estimated number of hours of services to be provided. The Client agrees that the remainder of the fee is due upon completion of the services. If it appears that the quoted fees will exceed the estimated amount of time as stated above, AFM will contact the Client to obtain written approval prior to continuing such services. Such hourly fees may be negotiable at the discretion of AFM. Prepayment of fees will not exceed \$1200 per client, 6 months in advance. Any balance of prepaid fees shall be refunded to the Client.

While AFM makes every effort to obtain account balances directly from the custodian of Client assets, for certain accounts AFM may request that the client regularly provide copies of account statements.

Advice offered by advisory personnel of AFM may involve investment in mutual funds. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees, named after the statutory section authorizing such payments. These 12b-1 fees come from fund assets, and thus, indirectly, from the Clients assets. These 12b-1 fees may be initially paid to Commonwealth and a portion allocated to related persons who are also registered representatives for Commonwealth. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12b-1 fees, therefore creating a potential conflict of interest. Certain qualified accounts covered under the Employee Retirement Income Security Act ("ERISA") may not permit dual forms of compensation to be paid to an advisory representative. Advisory representatives may offset 12b-1 fees against advisory fees or reduce the advisory fee charged to qualified accounts covered under ERISA compared to those fees charged to other Clients receiving similar services, to the extent permitted by law. In qualified portfolio management accounts, 12b-1 fees will be rebated to the client's account.

With respect to certain other types of investments, AFM may from time to time receive commissions and other payments, including 12b-1 fees. AFM shall fully disclose the receipt of any such commissions or other payments to the Client.

Performance Based Fees and Side-by-Side Management

AFM does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to AFM.

Types of Clients

AFM provides financial planning and portfolio management services. These services are designed to be most beneficial to high income, high net worth individuals. The typical financial planning Client who benefits most from the comprehensive financial planning services the advisory personnel provide is an individual or family whose net worth is in excess of \$3,000,000. The minimum portfolio management account is \$1,500,000.

Exceptions to the minimum account size may be made at the sole discretion of AFM.

A minimum of \$1,500,000 under management is recommended for portfolio management services. In certain unusual circumstances, fees and account minimums may be negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss

AFM's four principals and five analysts work together to conduct fundamental analysis on all securities recommended for client accounts. This analysis varies depending on the security in question. *For stocks and bonds the analysis generally includes a review of:*

- The issuer's management;
- The amount and volatility of past profits or losses;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

For mutual funds the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

AFM's Investment Committee is led by the four principals. The Investment Committee generally meets bi-weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

AFM primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause AFM to sell securities more quickly.

Risk of Loss – General:

All investing involves a risk of loss and the investment strategy offered by AFMAFM could lose money over short or even long periods. Performance could be negatively impacted by a number

of different market risks including, but not limited to, that portfolio management techniques used by AFM may not produce the desired results. This could cause accounts to decline in value. In addition, AFM may rely on information that turns out to be wrong. AFM selects investments based, in part, on information provided by issuers to regulators or made directly available to AFM by the issuers or other sources. AFM is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and a result in losses.

Potential Risks of Investing in Securities Purchased in Mutual Funds, ETFs, and by Investment Managers:

Stock Market Risk - Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small- and medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

Foreign Securities Risk - Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

Interest Rate Risk - Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall. The reverse is also true: if interest rates fall, bond prices will generally rise. A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

Credit Risk - Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

Liquidity Risk - Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

Call Risk - Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

Objective/Style Risk - All of the mutual funds and investment managers are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund or manager invests will trail the returns of the overall market.

U.S. Government Agency Securities Risk - Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

Risk of Investing Real Estate Investment Trusts (REITs):

When profits, revenues, or the value of real estate property owned by REITs decline or fail to meet market expectations, REIT stock prices may decline as well. Therefore, a Fund is subject to the risks associated with investing in real estate (any of which could cause the value of a REIT's stock price to decline), which include, without limitation: possible declines in the value of real estate; adverse general and local economic conditions; possible lack of availability of, or high cost of, financing; overbuilding in a given market; changes in interest rates; and environmental problems. In addition to risks related to investments in real estate generally, investing in REITs involves certain other risks related to their structure and focus including, without limitation, the following: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility. Investing in REITs also involves risks related to the heavy cash flow dependency of REITs and the possibility that a REIT may fail to maintain applicable exemptions under U.S. and foreign securities and tax laws.

Disciplinary Information

AFM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Advisory representatives of AFM are Registered Representatives of Commonwealth, member FINRA, SIPC. AFM is also a branch office for Commonwealth. Commonwealth is also licensed as a broker-dealer in the states in which Commonwealth's or its representatives offer securities to clients. Portfolio management Clients must utilize the services of Commonwealth.

All prospective and existing Clients are advised of this affiliation. Financial planning and hourly consultation Clients are under no obligation to purchase or sell securities through these related persons; however, if they choose to implement a financial plan, commissions may be earned in addition to any fees paid for advisory services. The commissions may be higher or lower at Commonwealth than at other broker-dealers. AFM advisory personnel have a potential conflict of interest in recommending that clients purchase securities and/or insurance related products through Commonwealth in that the higher their production with Commonwealth the greater potential for obtaining a higher pay-out on commissions earned. Further, advisory personnel may be restricted to only offering those products and services that have been reviewed and approved for offering to the public through Commonwealth.

Advisory personnel of the firm are also licensed with various insurance companies as life, health, and accident insurance brokers with all appropriate state insurance regulators and will receive customary commissions may be earned if a financial plan is implemented using insurance sold by advisory personnel. In such instance, there is no advisory fee associated with these insurance products.

AFM's CEO and Founder, Alexandra Armstrong, owns and operates a book publishing company named "On Your Own Publishing Company LLC." The Company has published Ms. Armstrong's book, "On Your Own, A Widow's Passage to Emotional and Financial Well-Being, 5th Edition." This activity does not conflict with Ms. Armstrong's role at AFM.

AFM has approved a number of advisory programs for its Clients. Each program may involve different custodial accounts, administrative and fee arrangements.

Participation or Interest in Client Transactions

Advisory personnel of AFM are Registered Representatives with Commonwealth. As such they may, at the Client's request and on a fully disclosed basis, implement the recommendations of a financial plan in the capacity of a registered representative of a broker-dealer for which they are separately compensated via commissions. Portfolio management clients must also utilize the brokerage services of Commonwealth. The possible receipt of commissions and/or other forms of compensation by advisory personnel as a result of these transactions, and any other conflicts of interest, are fully disclosed in advance.

As appropriate, the applicable provisions of Section 206 of the Advisers Act are strictly complied with in the execution of each transaction.

Advisory personnel of the firm are also licensed with various insurance companies.

Commissions may be earned if a financial plan is implemented.

AFM may recommend that clients purchase investments including but not limited to various mutual funds, REITs and other equities. These companies can pay for advisors of AFM to attend conferences or meeting which they sponsor. The purpose of attending these events are research related, although there may be an entertainment component to these events.

Advice offered by related persons of AFM may involve investment in mutual funds. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees;

after the statutory section authorizing such payments. These 12b-1 fees come from fund assets, and thus, indirectly, from the Clients assets. These 12b-1 fees may be initially paid to Commonwealth and a portion allocated to related persons who are also registered representatives for Commonwealth. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12b-1 fees, therefore creating a potential conflict of interest. Certain qualified accounts covered under the Employee Retirement Income Security Act (“ERISA”) may not permit dual forms of compensation to be paid to an advisory representative. In qualified advisory accounts, 12b-1 fees will be rebated to the client’s account.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

AFM and its employees may also buy and sell the same securities that may be recommended to Clients. If the possibility of a conflict or interest occurs, the Client's interest will prevail. It is the policy of AFM that priority will always be given to the Client's orders over the orders of an employee of AFM. However, when executing bunched trades, AFM or its employees can contemporaneously participate in these types of trades.

To avoid any potential conflicts of interest involving personal trades, AFM has adopted a Code of Ethics (“COE”), which includes personal trading reporting and review policies and procedures and insider trading policies and procedures. AFM’s COE requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, Clients, prospective Clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of Clients, and the interests of Advisor above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

AFM’s COE also requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide AFM with a

detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A copy of AFM's code of ethics is available upon request.

Brokerage Practices

When deemed appropriate, AFM will seek to aggregate transactions for multiple Clients such that all participating clients receive an average price. Non-discretionary Clients may forgo the ability to participate in such block trades if they are unavailable to consent to the transaction.

Investment or Brokerage Discretion

When portfolio management Clients agree to utilize the brokerage services of Commonwealth or its representatives, including AFM advisory personnel, discretion may be used by a related person with regard to commissions paid. The commissions paid by AFM's Client for stock and bond transactions may be more or less than commissions charged by other brokers. However, in all such cases, AFM will cause the client to pay only fair and reasonable commissions. AFM personnel do not earn a profit on the commissions charged to portfolio management clients by Commonwealth or any other broker-dealer, although AFM may receive Rule 12b-1 fees from the mutual funds recommended to portfolio management clients. The receipt of such fees may be an incentive for AFM advisory personnel to recommend certain mutual funds, as further described below.

As noted above, the advisory personnel of AFM are also registered representatives of Commonwealth. Accordingly, AFM recommends Commonwealth and executes Client transactions through Commonwealth. AFM is not in a position to, and will not, seek to negotiate commission rates with Commonwealth because AFM advisory personnel are registered representatives of Commonwealth and receive certain economic benefits for Client transactions executed through Commonwealth.

Financial planning clients should be aware that brokerage commissions and commission equivalent rates may, from time to time, be individually negotiated with the firm's employees acting as the registered representatives of Commonwealth. Thus, Clients may be charged different commissions and commission equivalents than those charged other Clients for identical transactions.

Commissions paid by Client may be higher than those of a discount broker. However, it is believed that the executions and service rendered through Commonwealth will be competitive with that of most stock brokerage firms.

Financial planning and hourly consultation Clients are free to execute securities transactions through any broker-dealer. However, if the Client elects to implement the investment advice using the services of the AFM, then the broker-dealer used must be Commonwealth.

Best Execution

Advisor always attempts to achieve best execution for its Clients. The best net price is an

important factor in brokerage decisions, but other judgmental factors may also enter into this decision. These include: AFM's knowledge of negotiated commission rates currently available, as well as other transaction costs; the nature of the security being traded; the size of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; execution, clearance, and settlement capabilities and costs; and other information available at the time of execution.

Research for AFM is provided in part from Commonwealth and in part from the AFM's choice of other sources, including, but not limited to: Argus Research, Morningstar, Standard & Poor's, and Value Line. Information gained from these sources is used to advise all the firm's accounts, including those not traded through Commonwealth, despite the fact that AFM is able to pay reduced fees for these services because of its relationship with Commonwealth.

Review of Accounts

Accounts are formally reviewed quarterly, semi-annually or annually as specified by contract. A special review of a Client's account may be triggered by changes in tax law, economic climate, or market conditions. A review may be initiated by a Client inquiry due to personal changes in his/her financial affairs. Each account is reviewed on a regular basis by the person supervising the account. There are four reviewers, each of whom is responsible for his/her own Client's accounts.

Reports to clients are individualized, therefore the nature and frequency are determined by client need and the services offered. However, most of the portfolio management clients of AFM will receive quarterly reports summarizing the investment performance of their account(s), in addition to annual reports containing tax-related information. Clients will also receive monthly, quarterly, and/or annual statements from investment companies, product sponsors, broker-dealers, and custodians, as applicable. Financial planning clients receive no reports other than the financial plan and any other mutually agreed upon reports.

Client Referrals and Other Compensation

AFM from time to time enters into written solicitor agreements with employees of AFM and pays a portion of the fees to the employee based upon fees received by AFM from the referred client relationship. AFM does not charge clients referred by an employee a fee higher or lower than it charges to other similarly situated clients who were not referred by a solicitor.

Other than the previously described products and services that AFM receives from CFN, AFM does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

As noted above, AFM may recommend that clients purchase investments including but not limited to various mutual funds, REITs and other equities. These companies can pay for advisors of AFM to attend conferences or meeting which they sponsor. The purpose of attending these events are research related, although there may be an entertainment component to these

events. AFM maintains internal procedures, such as oversight by its investment committee, to ensure that this potential conflict does not impact the recommendations provided to clients.

Custody

All portfolio managed clients' accounts are held in custody by CFN. AFM can access many clients' accounts through its ability to debit advisory fees. For this reason AFM is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by AFM.

Investment Discretion

In performing any of its services, AFM shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon.

If requested by the client, AFM may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from AFM.

Each client is advised that it remains his/her/its responsibility to promptly notify AFM if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/ revising AFM's previous recommendations and/or services.

AFM is not obligated to recommend for any account any security that AFM or its related persons may acquire for its or their own accounts or for the account of any other Client, if in the absolute discretion of AFM, it is not practical or desirable to recommend a position in such security.

Because AFM engages in an investment advisory business and manages more than one account, there may be conflicts of interest over the AFM's time devoted to managing any one account and the allocation of investment opportunities among all accounts managed by AFM. AFM will attempt to resolve all such conflicts in a manner that is generally fair to all of its Clients. AFM may give advice and take action with respect to any of its Clients that may differ from advice given or the timing or nature of action taken with respect to any particular Client so long as it is AFM's policy, to the extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to other Clients.

Any trade errors will be rectified to make the Client whole as if the error did not occur.

Voting Client Securities

AFM will not exercise proxy voting authority over Client securities. The obligation to vote Client proxies shall at all times rest with Clients. Clients shall in no way be precluded from contacting AFM for advice or information about a particular proxy vote. However, AFM shall

not be deemed to have proxy voting authority solely as a result of providing such advice to Clients.

With regard to all matters for which shareholder action is required or solicited with respect to securities beneficially held by a Client's account, such as (i) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements and (ii) bankruptcies or reorganizations, AFM affirmatively disclaims responsibility for voting (by proxies or otherwise) on such matters and will not take any action with regard to such matters.

Upon Client's authorized instructions, AFM may act on tender offers for securities held in client accounts.

Financial Information

AFM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.