

**ITEM 1. COVER PAGE FOR  
PART 2A OF FORM ADV:  
FIRM BROCHURE  
02/28/2016**

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BERWYN, PA 19312**

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**FIRM WEBSITE ADDRESS: WWW.AFGIFG.COM**

**This brochure provides information about the qualifications and business practices of American Financial Management Group, Ltd. If you have any questions about the contents of this brochure, please contact by telephone at 610-296-3393 or email at [ryanr@afgifg.com](mailto:ryanr@afgifg.com). 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 American Financial Management Group, Ltd. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Please note that the use of the term "registered investment adviser" and description of American Financial Management Group, Ltd. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.**

**ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV:**  
**FIRM BROCHURE**

**American Financial Management Group, Ltd. ("AFMG")** is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Generally, we will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. Note that February 28, 2016 is the date of our last annual update for our brochure and we have made no material changes to this brochure dated as of February 28, 2016.

### **ITEM 3. TABLE OF CONTENTS:**

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#### **Item 4. Advisory Business**

We specialize in the following types of services: asset management, financial planning and consulting, referrals to third party money managers. Our assets under management are \$149,350,043 as of December 31, 2015.

A. Description of our advisory firm, including how long we have been in business and our principal owner(s)<sup>1</sup>.

We are dedicated to providing individuals, retirement plans and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of Pennsylvania. Our firm has been in business as an investment adviser since 2002 and is owned as follows:

Jerry Wilmer White – One-hundred-percent owner

B. Description of the types of advisory services we offer.

Asset Management:

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

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<sup>1</sup> Please note that: (1) For purposes of this item, our principal owners include the persons we list as owning 25% or more of our firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If we are a publicly held company without a 25% shareholder, we simply need to disclose that we are publicly held. (3) If an individual or company owns 25% or more of our firm through subsidiaries, we must identify the individual or parent company and intermediate subsidiaries. If we are a state-registered adviser, on Form ADV Part 2A Page 2, we must identify all intermediate subsidiaries. If we are an SEC-registered adviser, we must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries.

## Retirement Plan Services:

### IN GENERAL

AFMG offers consulting and advisory services for employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans (“Sponsor(s)”). AFMG may also assist Sponsors with enrollment and/or providing investment education to plan participants and beneficiaries. AFMG provides these retirement plan services (“Retirement Services”) through its independent contractor AFMG representatives (“IARs”), and may charge a fee for the Retirement Services, as described in this Form ADV Part II (“ADV”) and the Retirement Plan Consulting Agreement (“Agreement”).

Retirement Services are either ERISA Fiduciary Services or ERISA Non-fiduciary Services. ERISA Non-fiduciary Services may be performed only so that they would not be considered fiduciary services under the Employee Retirement Income Security Act of 1974, as amended (ERISA). When delivering ERISA Fiduciary Services, AFMG will perform those services to the plan as a fiduciary under Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing any ERISA Fiduciary Services, AFMG will solely be making recommendations to the Sponsor and the Sponsor retains full discretionary authority or control over assets of the plan.

Sponsor may engage the AFMG to perform the Retirement Services by completing a Retirement Plan Information Form to provide information about the plan, including the plan design, plan objectives, investment objectives, investment risk tolerance, demographics about plan participants, and third-party service providers. AFMG will provide Sponsor a copy of this PART 2A OF FORM ADV: FIRM BROCHURE and the Agreement for review. The Agreement describes the terms of the arrangement between AFMG and the Sponsor, including a description of the Retirement Services and the fees to be charged by AFMG. By signing the Agreement, the Sponsor represents that Sponsor has received sufficient information and determined that the Retirement Services selected are: (i) necessary for the operation of the plan and (ii) reasonable and appropriate based upon the compensation to be paid for the Services. Sponsor must sign and submit the Agreement to AFMG before AFMG performs any Services.

### DESCRIPTION OF THE RETIREMENT SERVICES

The Retirement Services are described as follows:

#### ERISA Fiduciary Services

#### Recommendations to Establish or Revise the Plan’s Investment Policy Statement:

IAR will review with the Plan Fiduciary the investment objectives, risk tolerance and goals of the plan. If the plan does not have an IPS, the IAR will recommend investment policies to assist the plan Fiduciary to establish an appropriate IPS. If the plan has an existing IPS, IAR will review it for consistency with the plan’s objectives. If the IPS does not represent the objectives of the plan IAR will recommend to the Plan Fiduciary revisions that will establish investment policies that are congruent with the plan’s objectives.

#### Recommendations to Select and Monitor the Designated Investment Alternatives:

Based on the plan's IPS or other guidelines established by the plan, IAR will review the investment options available to the plan and will make recommendations to assist the Plan Fiduciary to select the Designated Investment Alternatives ("DIAs") to be offered to plan participants. Once the Plan Fiduciary selects the DIAs, IAR will, on a quarterly basis and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, IAR will provide information, analysis and recommendations to the Plan Fiduciary to help evaluate replacing investment alternatives.

#### Recommendations to Select and Monitor Qualified Default Investment Alternative(s):

Based on the plan's IPS or other guidelines established by the plan, IAR will review the investment options available to the plan and will make recommendations to assist the Plan Fiduciary to select the Plan's QDIA(s) for plan participants that fail to direct the investment of their accounts. Once the Plan Fiduciary selects the QDIAs, IAR will provide reports, information and recommendations, on a quarterly or upon reasonably requested basis, to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, IAR will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment alternatives.

#### Recommendations to Allocate and Rebalance Model Asset Allocation Portfolios:

Based on the plan's IPS or other investment guidelines established by the plan, the IAR will review the investment options available to the plan and will make recommendations to assist the Plan Fiduciary to create and maintain Model Portfolios. Once the Plan Fiduciary approves the Model Portfolios, the IAR will provide reports information and recommendations, on a periodic basis, designed to assist the Plan Fiduciary to monitor the Plan's investments. If the IPS criteria require an investment to be removed, the IAR will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment alternatives to be included in the Model Portfolios. Upon reasonable request the IAR will make recommendations to the Plan Fiduciary to rebalance the Model Portfolios to maintain their desired allocations.

#### Recommendations to Select and Monitor Investment Managers:

Based on the Plan's IPS or other guidelines established by the plan, IAR will review the potential investment managers available to the plan and will make recommendations to assist the Plan Fiduciary to select one or more investment managers. Once the Plan Fiduciary approves the investment manager, IAR will provide, on a periodic basis, reports, information and recommendations to assist the Plan Fiduciary to monitor the plan's investment managers. If the IPS criteria require an investment manager to be removed, IAR will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment managers.

## ERISA Non-Fiduciary Services

### PLAN SPONSOR SERVICES

Assistance with Plan Fiduciaries' Governance and Committee Review, Including:

- Determining Plan Objectives and Plan Design Options
- Reviewing Retirement Plan Committee Structure and Requirements
- Reviewing Participant Education and Communication Strategy, including ERISA 404(c) Requirements
- Coordinating and Reconciling Participant Disclosures under ERISA Rule 404(c) and Developing Requirements for Responding to Participant Requests for Additional Information
- Developing and Maintaining a Fiduciary Audit File
- Attending Periodic Meetings with Plan Committee (Upon Request by Plan Committee)

Assistance with Plan Fiduciaries Vendor Management (Service Provider Selection/Review), Including:

- Reviewing Fees and Services and Identifying Procedures to Track the Receipt and Evaluation of ERISA 408(b)(2) Disclosures
- Providing Periodic Benchmarking of Fees and Services to Assist Review for Reasonableness
- Reviewing ERISA Spending Accounts or Plan Expense Recapture Accounts (PERAs)
- Generating and Evaluating Service Provider Requests for Proposals (RFPs) and Requests for Information (RFIs)
- Support with Contract Negotiation
- Service Provider Transition and/or Plan Conversion

Investment Education for Plan Fiduciaries Concerning:

- Investment Policy Statement
- Assessment of Overall Investment Structure of Plan (i.e., types and numbers of asset classes, model portfolios, etc.)
- Review of the Plan's Investment Options
- Review of Qualified Designated Investment Alternative (QDIA)
- Search and Review of Investment Managers

### PLAN PARTICIPANT SERVICES

Employee Investment Education and Communication, Including:

- Providing Group Enrollment and Investment Education Meetings
- Providing Fee Specific Education and Communicate the Plan's Requirements for Requesting Additional Information about Plan Fees and Expenses
- Supporting Individual Participant Questions
- Providing Periodic Updates, Upon Request or Through Newsletter
- Assisting Participants with Retirement Readiness Consulting

## POTENTIAL ADDITIONAL RETIREMENT SERVICES PROVIDED OUTSIDE OF THE AGREEMENT:

In providing Retirement Services, AFMG and its IARs may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation: 1) as a result of a decision by the participant or beneficiary to purchase services from AFMG not involving the use of plan assets; 2) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or 3) through an Individual Retirement Account rollover (“IRA Rollover”). AFMG IARs will not, however, solicit services from plan participants or beneficiaries when providing Retirement Services. If AFMG is providing Retirement Services to a plan, IARs may, when requested by a plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant’s or beneficiary’s interest in the plan in providing that service). If a plan participant or beneficiary desires to affect an IRA Rollover, AFMG may provide the participant or beneficiary with a written explanation of the options available to the plan participant or beneficiary. Any decision to affect the rollover or about what to do with the rollover assets remains that of the participant or beneficiary alone.

## POTENTIAL CONFLICTS AND RELATED POLICIES

Affiliates of AFMG may provide securities brokerage, recordkeeping or other Retirement Services to plans and receive variable compensation for those services. A conflict of interest may arise where AFMG recommends the Retirement Services of those affiliates.

AFMG, our employees, and our independent contractor IARs benefit from the compensation paid to us, and may directly or indirectly receive a portion of the fees and other compensation paid by Retirement Services clients. Those clients may also use other products or Retirement Services available from or through us and in such case pay additional compensation. This practice creates a potential conflict of interest that may give us and our IARs an incentive to recommend advisory Retirement Services based on the compensation received. Additionally, fees and commissions may also be higher for some brokerage products, services or Retirement Services, and the remuneration and profitability to us, our IARs and affiliates resulting from transactions involving some accounts may be greater than the remuneration and profitability resulting from other advisory accounts, products or Retirement Services.

We address these conflicts through disclosure in this ADV and additional disclosures concerning compensation we may receive, directly or indirectly. We will also offset or refund additional compensation when required by law. Moreover, we have adopted policies and procedures to address the suitability of advisory products offered to you.

## RISK AND TAX DISCLOSURE

### GENERAL RISKS ARISING FROM THE RETIREMENT SERVICES

All investments involve risk and investment performance can never be predicted or guaranteed. The values of the account will fluctuate (perhaps significantly) due to market conditions, manager performance and other factors. Using any benchmark or index in connection with the



Retirement Services is no promise that the performance of the plan's particular investments will experience the same results, including the results shown on the various reports that are delivered as part of the Services.

Sponsor or the plan participants and beneficiaries retain all investment discretion over plan assets provided to them by the plan. Each is free to make his or her own investment decisions. No one is required to accept any assistance or follow any recommendations provided as part of the Retirement Services. If the plan selects AFMG's Service to allocate or rebalance among model portfolios or to recommend investment managers, the responsible Sponsor or participant or beneficiary can freely change allocations or managers.

AFMG may use or provide to Sponsor data or information provided by third parties when providing Retirement Services. While AFMG reasonably believes that the information or data is reliable, it does not promise that it is accurate, current or consistently available.

Sponsor is responsible for all the tax liabilities arising from any transactions, including any liabilities arising from the failure to maintain the qualified status of a retirement plan receiving the Services.

#### **MATERIAL RISKS OF RECOMMENDATIONS TO SELECT AND MONITOR INVESTMENT MANAGERS, QUALIFIED DEFAULT INVESTMENT ALTERNATIVES ("QDIA") AND DESIGNATED INVESTMENT ALTERNATIVE ("DIAS").**

As part of the Services to Provide Recommendations to Select and Monitor Investment Managers, Qualified Default Investment Alternative(s) ("QDIA") or Designated Investment Alternatives ("DIAs"), AFMG may provide Sponsor a list of investments, including mutual funds, to consider as options for the plan, and may provide a list of investment managers to manage the assets of the plan. Any list is for informational purposes only and Sponsor retains full authority to select all plan investments. It should not be considered a primary basis for the Sponsor's decision.

#### **MATERIAL RISKS FOR RECOMMENDATIONS TO ESTABLISH OR REVISE THE PLAN'S INVESTMENT POLICY STATEMENT ("IPS")**

AFMG will consider information provided by Sponsor about the plan when assisting with or making recommendations about the plan's IPS. It is important that that information be accurate and current. Changes in the information will impact what assistance or recommendations may be made so it is important that AFMG be accurately informed.

#### **MATERIAL RISKS FOR RECOMMENDATIONS TO ALLOCATE AND REBALANCE MODEL ASSET ALLOCATION PORTFOLIOS ("MODEL PORTFOLIOS").**

Any report containing a proposed asset allocation model is based upon a number of factors which may include the demographics of plan participants, current asset allocations and the value of the assets. AFMG may change asset allocations and investment options within the model portfolios and has no obligation to revise the report or otherwise advise Sponsor if a model or any of INVESTMENT ADVISOR's assumptions change in the future.

The analyses and suggested asset allocations contained in the reports may be based on historical financial data, assumptions about future financial trends (including market

appreciation or decline, rates of return and risks for various asset classes), assumptions about applicable laws and regulations, and appropriate financial planning strategies.

Any projections, analyses or other information contained in or with the reports regarding various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

The reports do not provide advice regarding the plan's specific securities investments. Therefore, it is important for Sponsor to monitor current events, such as changes in tax laws or in the financial markets, which may affect Sponsor's decisions about the plan.

The return rates and dollar figures contained in the report may not include all investment expenses; thus, any results shown may be reduced by such costs. Also, where applicable (and only as indicated) assumptions as to federal income tax rates, state income tax rates, and estate taxes reflected in the report would only be general estimates.

**Services to Retirement Plans and Plan Participants:** As disclosed above, we offer advisory services to employee benefit plans ("Plan") and to the participants of such Plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an AFMG to the Plan), with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status.

The services we provide to your Plan are described above and in the advisory agreement that you sign. Our compensation for these services is described in Item 5 of this brochure and also in the advisory agreement.

**Status –** American Financial Management Group, Ltd. ("AFMG") is registered as an investment adviser under the Investment Advisers Act of 1940 and represents that it is not subject to any disqualification as set forth in Section 411 of ERISA.

In performing fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA, as set forth in our arrangement with each plan sponsor.

#### Financial Planning and Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning

or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning, Divorce Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Divorce Financial Planning consists of a process to help provide insights into financial issues associated with divorce, focusing on short- and long-term contexts. It involves gathering, summarizing and analysis of current and historical data, as well as forecasting and modeling.

Services to Retirement Plans and Plan Participants: As disclosed above, we may offer financial planning or consulting services to employee benefit plans (“Plan”) and to the participants of such Plans (“Participants”). The services are designed by assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act (“ERISA”). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan’s responsible plan fiduciary (the person who has the authority to engage us as an AFMG to the Plan), with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status.

The services we provide to your Plan are described above and in the advisory agreement that you sign. Our compensation for these services is described in Item 5 of this brochure and also in the consulting agreement.

Status – American Financial Management Group, Ltd. (“AFMG”) is registered as of investment adviser under the Investment Advisers Act of 1940 and represents that is not subject to any disqualification as set forth in Section 411 of ERISA.

In performing fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA, as set forth in our arrangement with each plan sponsor.

### Referrals to Third Party Money Managers:

We provide clients with a list of investment advisory services of third party professional portfolio management firms for the individual management of client accounts. As part of this process, we assist clients in identifying an appropriate third party money manager. We provide initial due diligence on third party money managers and ongoing reviews of their management of your account.

In order to assist clients in the selection of a third party money manager, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the third party money managers to clients.

We periodically review third party money managers' reports provided to the client, but no less often than on an annual basis. Our associates contact the clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third party money manager managing the account or sponsoring the program.

### Portfolio Monitoring

Our Portfolio Monitoring Service provides for safekeeping/housekeeping of assets on behalf of clients with no on-going supervision, trading, or discretion with respect to securities transactions. Clients are responsible for placing and executing their own trades, either on their own or with another investment adviser. We provide non-continuous and periodic outside account monitoring.

### Financial Seminars

Seminars may be offered as a service to our current or as a marketing tool to potential clients. Topics covered would vary, depending on audience, prevailing market conditions/current affairs. If the attendee is a prospective or potential client then the charge is \$25 for expenses such as lunch/dinner/room fees and for our current clients this charge is waived.

- C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.

- (i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: Asset Management. Additionally, we offer general investment

advice to clients utilizing the following services offered by our firm: Financial Planning and Consulting, Referrals to Third Party Money Managers and Portfolio Monitoring.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: Asset Management. We do not manage assets through our other services.

D. Participation in wrap fee programs.

We do not offer wrap fee programs.

E. Disclosure of the amount of *client* assets we manage on a *discretionary basis* and the amount of *client* assets we manage on a *non-discretionary basis* as of 12/31/2015.

We manage<sup>2</sup> \$39,238,782 on a discretionary basis and \$110,111,261 on a non discretionary basis as of 12/31/2015.

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<sup>2</sup> Please note that our method for computing the amount of “*client* assets we manage” can be different from the method for computing “assets under management” required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute “*client* assets we manage,” we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our “as of” date must not be more than three months before the date we last updated our *Brochure* in response to Item 4.E of Form ADV Part 2A

## **Item 5. Fees and Compensation**

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

### **A. Description of how we are compensated for our advisory services provided to you.**

#### **(i) Asset Management:**

<u>Assets under management</u>	<u>Annual Percentage of assets charge*:</u>
0 – 250,000	1.50%
250,001 – 1,000,000	1.00%
Over 1,000,000	0.75%
Over 3,000,000	0.50%

\*Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter.

#### **(ii) Retirement Plans**

##### **FEES:**

Fees for the Retirement Services ("Fees") are flexible, and Sponsor may be charged a fee based on a percentage of plan assets, an hourly rate or a flat dollar amount. Sponsor may specify whether to pay the Fees directly or may authorize the plan's recordkeeper or custodian to pay AFMG from plan assets. The Fees will be billed quarterly in advance. If the fee is not hourly, the initial Fee will be prorated based upon the number of days remaining in the initial quarterly period from the date of execution of the Agreement. If the Fee is based on a percentage of plan assets, the initial Fee will be based upon the market value of the plan assets at the close of business on the last business day of the initial quarterly period. Thereafter, the quarterly portion of any annual asset-based Fees will be based upon the market value of the plan assets at the close of business on the last business day of the previous calendar quarter (without adjustment for anticipated withdrawals by plan participants or beneficiaries or other anticipated or scheduled transfers or distributions of assets).

If the Agreement is terminated prior to the end of a quarter, Plan will be entitled to a refund of the quarterly fee paid in advance, prorated for the number of days in the quarter remaining from the effective date of termination

Sponsors receiving Retirement Services may pay more or less than a client might otherwise pay if purchasing the Retirement Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but

not limited to, the size of the plan, the specific investments made by the plan, the number of locations of participants, the Retirement Services offered by another service provider, and the actual costs of Retirement Services purchased elsewhere. In light of the specific Retirement Services offered by AFMG, the Fees charged may be more or less than those of other similar service provider.

All fees paid to AFMG for Retirement Services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The Retirement Services provided by AFMG are designed to, among other things, assist the client in determining which Manager(s) are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the Manager, the plan's other service providers and the fees charged by AFMG to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Services being provided.

Please refer to your specific client agreement with AFMG for more information regarding our fees, our maximum fees and whether those fees will be paid from Plan assets or by the sponsor.

We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. We may receive direct compensation for the services we provide to the Plan or participants if the Plan sponsor directs us to deduct our fee from the Plan or directs the plan record-keeper to issue payment for our fee out of the Plan. In other cases, if your advisory representative with our firm is also a registered representative of a broker/dealer, they may receive indirect compensation such as commissions or 12b-1 fees in which case we will either (i) offset our advisory fees for the indirect compensation received or (ii) we will not charge advisory fees when commissions compensation is received. In either case, the amount of the compensation, the services rendered for such compensation and the payer will be disclosed by firm providing the compensation. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

**For Fidelity accounts, the following Transaction Charges apply:**

- Transaction Charges:
- Stocks - OTC \$7.95/\$17.95
- Stocks - Listed \$7.95/\$17.95
- Bonds \$25.00
- UITs \$30.00
- CD's -market
- Load Mutual Fund:
- Purchases/Redemptions \$0
- No Load Mutual Fund:
- Purchases/Redemptions \$18.00
- Mutual Fund Exchanges \$ 0
- Mutual Fund PIP/SWP \$5.00

**For ALL Fidelity Accounts:****Additional Client Fees:**

Other than the transaction charges noted above, all normal brokerage account charges and fees (i.e. returned check fee, overnight charges, ACH return check fee, etc.) apply to Program Accounts. These charges and fees are disclosed in the Client Fee Schedule for brokerage accounts which is provided to client by the IAR at time client executes this Agreement with AFMG. In addition, the broker dealer will mail a new schedule prior to any changes becoming effective.

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our flat fees generally range from \$150 to \$3,500.

Divorce Financial Planning will be initially set at a flat fee of \$3200. The fee is due in two installments, half when work begins and the remainder at the conclusion of the engagement or six months later, whichever occurs sooner. Should either party choose to terminate, the RIA will present an accounting of the time devoted by planner at a rate of \$80/hr and if retainer exceeds our time, a refund will be sent to client. The agreement will be valid for a period of six months from the date of execution. If additional services are needed, the additional time and cost would be negotiated among the parties.

**(iii) Referrals to Third Party Money Managers:**

We are paid by third party money managers when we refer you to them and you decide to open a managed account. Third party money managers pay us a portion of the investment advisory fee that they charge you for managing your account. Fees paid to us by third party money manager are generally ongoing. All fees we receive from third party money managers and the written separate disclosures made to you regarding these fees comply with applicable state statutes and rules. The separate written disclosures you need to be provided with include a copy of the third party money manager's Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees we are paid and a copy of the third party money manager's privacy policy. The third party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

**(iv) Portfolio Monitoring:**

Our firm's fees for our Portfolio Monitoring service are billed at an hourly rate of \$100-\$250 per hour, depending on the scope and complexity of the engagement.



B. Description of whether we deduct fees from *clients*' assets or bill *clients* for fees incurred.

(i) Asset Management:

Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940.\*\*

\*In rare cases, we will agree to directly bill clients.

\*\*The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

(ii) Referrals to third party money managers:

Third party money managers establish and maintain their own separate billing processes which we have no control over. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

(iii) Portfolio Monitoring:

We will directly bill you for our portfolio monitoring service. Our bill is due and payable within thirty (30) days.

C. Description of any other types of fees or expenses *clients* may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Our clients may incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

D. Client's advisory fees are due quarterly in advance.

We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

E. Commissionable securities sales.

Some of our securities registered IARs (those registered with Broker/Dealer as a Registered Representative) may sell securities for a commission. In order to sell securities for a commission, our supervised persons are registered representatives of Triad Advisors, member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

- 1) Presents a conflict of interest and gives our firm and/or our *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise:
  - a) when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client;
  - b) when recommending commissionable mutual funds, explaining that "no-load" funds are available through our firm if the client wishes to become an investment advisory client.
- 2) In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

**Item 6. Performance-Based Fees and Side-By-Side Management**

We do not charge performance fees to our clients.

**Item 7. Types of Clients and Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Generally, our minimum account balance is \$10,000 for our asset management service. This minimum account balance requirement is negotiable and we reserve the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

Methods of Analysis:

- Fundamental;
- Other (see below).

Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option writing, including covered options, uncovered options or spreading strategies;
- Other (see below).

**Please note:**

Investing in securities involves risk of loss that *clients* should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

B. We *primarily* use a particular method of analysis or strategy. The specific risks involved are:

Our firm uses information produced by several reputable published sources to evaluate various investments. Our clients are under no obligation to purchase any securities recommended by our firm's associates.

C. We recommend *primarily* a particular type of security. The specific risks involved with this are:

We primarily use long-term strategies involving securities, insurance, hard assets and real estate to assist the client in achieving his/her financial goals over time.

D. Our practices regarding cash balances in *client* accounts, including whether we invest cash balances for temporary purposes and, if so, how.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to asset management service and portfolio monitoring, as applicable.

### **Item 9. Disciplinary Information**

We are required to disclose whether there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a *management person* has been *involved* in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the *management person's* favor, or was reversed, suspended or vacated, or (2) the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a *client's* or prospective *client's* evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a *client's* or prospective *client's* evaluation of our firm or management.

We have nothing to disclose at this time.

### **Item 10. Other Financial Industry Activities and Affiliations**

A. Our firm or our *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. The details are as follows:

Some associates of our firm are associated with Triad Advisors, Member FINRA/SIPC, as registered representatives. Our associates may recommend securities or insurance products offered through Triad. If a client purchases these securities, the associated person would receive the normal commissions. Thus, a conflict could exist between the registered

representative of Triad and those of our advisory clients. The client is under no obligation to purchase the products the associate recommends or to purchase securities through Triad.

- B. Description of any relationship or arrangement that is material to our advisory business or to our *clients*, that we or any of our *management persons* have with any *related person*<sup>3</sup> listed below. We are required to identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how we address it.

Our firm or our management persons have a material relationship with the following *related person(s)* as follows:

1. other investment adviser or financial planner

Our firm and our management persons are affiliated with IFG/Russell Advisors, Inc., a Registered Investment Adviser.

2. insurance company or agency

Our firm is not, but principals and associated persons may be, licensed as insurance agents and as security salespeople, and are in the business of selling insurance and securities. The sale of these products accounts for approximately 50% of their time.

- C. If we recommend or select other investment advisers for our *clients* and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them.

Please see Item 4B (iii) of this Brochure.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any *client* or prospective *client* upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members,

<sup>3</sup> Our **Related Persons** are any **advisory affiliates** and any **person** that is under common **control** with our firm. **Advisory Affiliate:** Our advisory affiliates are (1) all of our officers, partners, or directors (or any **person** performing similar functions); (2) all **persons** directly or indirectly **controlling** or **controlled** by us; and (3) all of our current **employees** (other than **employees** performing only clerical, administrative, support or similar functions). **Person:** A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company ("LLC"), limited liability partnership ("LLP"), sole proprietorship, or other organization.

officers and employees for their personal accounts<sup>4</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- B. If our firm or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a *related person* recommends to *clients*, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 11A of this Brochure.

- C. If our firm or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for our firm's (or the *related person's* own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this Brochure.

## **Item 12. Brokerage Practices**

- A. Description of the factors that we consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

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<sup>4</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

1. Research and Other Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

American Financial Management Group, Ltd. has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides American Financial Management Group, Ltd. with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist American Financial Management Group, Ltd. in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help American Financial Management Group, Ltd. manage and further develop its advisory practice. Such services include, but are not limited to, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom American Financial Management Group, Ltd. may contract directly.

American Financial Management Group, Ltd. is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

- a. Explanation of when we use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

As part of the arrangement described in Item 12A1, Custodian/Broker-Dealer also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by Custodian/Broker-Dealer directly from independent research companies, as selected by our firm (within specific parameters). Research products and services

provided by Custodian/Broker-Dealer to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Custodian/Broker-Dealer to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our *clients*' interest in receiving best execution.

As a result of receiving the services discussed in 12A(1)a of this Firm Brochure for no additional cost, we may have an incentive to continue to use or expand the use of Custodian/Broker-Dealer's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Custodian/Broker-Dealer, and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

Custodian/Broker-Dealer charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Custodian/Broker-Dealer enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Custodian/Broker-Dealer's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Custodian/Broker-Dealer may be higher or lower than those charged by other custodians and broker-dealers.

- c. Causing *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying- up).

Our non-wrap fee program clients may pay a commission to Custodian/Broker-Dealer that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

- d. Disclosure of whether we use soft dollar benefits to service all of our *clients*' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the



accounts generate.

We do not have soft dollar arrangements with any source other than those benefits afforded all registered representatives with Broker/Dealer and clearing through Fidelity, although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients.

Fidelity is providing American Financial Management Group, Ltd. with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

- e. Description of the types of products and services our firm or any of our *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within our last fiscal year.

We are required to specifically describe to our clients the types of products or services that we are acquiring and to permit them to evaluate possible conflicts of interest. Our description must be more detailed for products or services that do not qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that we obtain various research reports and products is not specific enough.

In addition to the benefits described in Item 12A1 of this Brochure, Custodian/Broker-Dealer also makes available to our firm other products and services that benefit us, but may not benefit our clients' accounts. These benefits may include national, regional or investment adviser specific educational events organized and/or sponsored by Custodian/Broker-Dealer. Other potential benefits may include occasional business entertainment of personnel of our firm by Custodian/Broker- Dealer personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist our firm in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our accounts, including accounts not maintained at Custodian/Broker-Dealer. Custodian/Broker-Dealer also makes available to our firm other services intended to help our firm manage and further develop our business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, Custodian/Broker-Dealer may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Custodian/Broker- Dealer may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, our firm endeavors to act in our clients' best interests, Adviser's recommendation/requirement

that clients maintain their assets in accounts at Custodian/Broker-Dealer may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by Custodian/Broker-Dealer, which may create a potential conflict of interest.

We would have to obtain the aforementioned services and products for cash if we did not have soft dollars available to pay for them. As a result of receiving such products and services for no cost, we may have an incentive to continue to place client trades through broker-dealers that offer soft dollar arrangements. This interest conflicts with the clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the best execution policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

f. Explanation of the procedures we used during our last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits we received.

All soft dollars arrangements must be approved in writing by our Chief Compliance Officer. A brief description of the purpose of the soft dollar arrangement outlining the benefits received by our firm and clients along with any noted concerns about increased costs to our clients and how such concerns were alleviated will be maintained on file. Our Chief Compliance Officer undertakes a review of parties which propose to pay our firm in soft dollars and analyzes a number of criteria.

When deciding whether to approve or disapprove of a soft dollar relationship, the following criteria is reviewed: the broker-dealer's business reputation and financial position and our ability to consistently execute orders professionally and on a cost effective basis, provide prompt and accurate execution reports, prepare timely and accurate confirms, deliver securities or cash proceeds promptly and provide meaningful research services that are useful to us in investment decision-making or other desired and appropriate services. Our Chief Compliance Officer also annually reviews all our soft dollar relationships for appropriateness, benefits to our clients, etc.

At times, a product or service we would like to purchase with soft dollars may have a "mixed use", meaning that a portion of the product is used to provide bona fide research as part of the investment decision-making process and part of it may be used for a non-research purpose. In these situations, our Chief Compliance Officer will make a pro-rata allocation of the cost of such service based on our evaluation of the research and non-research uses of the product. The cost of the product must be paid using both hard and soft dollars, the hard dollars being paid by our firm for the non-research portion and soft dollars for the research portion. For services that have a "mixed use", our Chief Compliance Officer will make a fair and reasonable determination as to how much of the cost may be paid with soft dollars. The basis for such determination shall be documented and will include an explanation as to how the computation of such percentage was reached. Our Chief Compliance Officer's computation shall be retained in our firm's files along with any records used to determine the "mixed use" percentages. Whenever there is a substantial change in the use of "mixed use" services, our Chief Compliance Officer will reevaluate such services. Providers of services that have a "mixed use" will be directed to

either bill the paying broker for such service and the broker will be directed to bill us for the non-research portion, or to send separate bills to us and the paying broker for the appropriate amounts.

As a fiduciary, we have an obligation to obtain "best execution" of clients' transactions under the circumstances of the particular transaction. Consequently, notwithstanding the safe harbor provided under Section 28(e), no allocation for soft dollar payments shall be made unless best execution of the transaction is reasonably expected to be obtained.

2. Brokerage for *Client* Referrals. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (*i.e.*, the system of controls used by us when allocating brokerage)

Our firm does not receive brokerage for client referrals.

3. Directed Brokerage.
  - a. If we routinely recommend, request or require that a *client* directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their *clients* to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of *client* transactions, and that this practice may cost our *clients* more money.

Neither we nor any of our firm's related person have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

- b. If we permit a *client* to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost *clients* more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we

may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

See Item 12A(3) of this Brochure.

### **Special Considerations for Sub-advisory Management Clients**

- a. We select brokers and dealers for any purchase or sale of assets of Client Accounts and are responsible for obtaining best execution for transactions. Consistent with this idea, we may, in the allocation of portfolio brokerage business and the payment of brokerage commissions, consider the brokerage and research services furnished the Sub-Adviser by brokers and dealers, in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended. Such research generally will be used to service all of our clients, but brokerage commissions paid by the Client Accounts may be used to pay for research that is not used in managing the Client Accounts.
  - b. Should a Client direct in writing that the Adviser or our firm use a particular broker or dealer, then such Client will negotiate terms and arrangements for their Account with that broker or dealer and we will not seek better execution services or prices from other broker-dealers. As a result, such Client Account may pay higher commissions or greater spreads, or receive less favorable net prices, on transactions for the Client Account than would otherwise be the case.
  - c. Adviser and our firm are not responsible or liable for the acts or omissions of any broker-dealer.
- B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various *client* accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to *clients* of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13. Review of Accounts or Financial Plans**

- A. Review of *client* accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our *employees* who conduct the review.

We review accounts on at least a quarterly basis for our clients subscribing to the following services: Asset Management and Portfolio Monitoring. Third Party Money Management clients receive at least quarterly reviews. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

- B. Review of *client* accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

- C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to the following services: Asset Management and Portfolio Monitoring and Third Party Money Management.

As also mentioned in Item 13A of this Brochure, financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

### **Item 14. Client Referrals and Other Compensation**

- A. If someone who is not a *client* provides an economic benefit to our firm for providing investment advice or other advisory services to our *clients*, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

We may recommend that a client in need of brokerage and custodial services utilize Fidelity, among others. It may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker as our firm recommends.

In selecting a broker/dealer, we will endeavor to select those broker/dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker/dealer's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. When consistent with our firm's fiduciary duty of best execution, the firm will direct trades to any of the suggested broker/dealers listed above.

Some clients may instruct us to use one or more particular broker/dealers for the transactions in their accounts. Clients who may want to direct our firm to use a particular broker/dealer should understand that this might prevent us from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent us from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities that they will obtain through their broker/dealer are adequately favorable in comparison to those that our firm would otherwise obtain for its clients.

We may receive research and execution related services from National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") to assist our firm in managing its accounts. These services and products would include financial publications, pricing information and other products or services. Such research and execution related services are offered to all investment advisers who utilize these firms. However, the commissions charged by these parties may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.

- B. If our firm or a *related person* directly or indirectly compensates any *person* who is not our *employee* for *client* referrals, we are required to describe the arrangement and the compensation.

We may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain *Solicitors Agreements* in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

A Client's IAR (Investment Adviser Representative) receives compensation as a result of the client participating in the Program. This compensation may be more than what the IAR would receive if the client participated in other programs made available by AFMG or Fidelity or paid separately for investment advice, brokerage, and other services. Therefore the IAR may have a financial incentive to recommend Program over other advisory programs or services offered to clients.

### **Item 15. Custody**

- A. If we have *custody* of *client* funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our *clients*, we must disclose that we have *custody* and explain the risks that you will face because of this.

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

### **Item 16. Investment Discretion**

If we accept *discretionary authority* to manage securities accounts on behalf of *clients*, we are required to disclose this fact and describe any limitations our *clients* may place on our authority. The following procedures are followed before we assume this authority:

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Asset Management clients. We do not take or exercise discretion with respect to our other clients.

AFMG may have discretionary authority over certain client accounts to determine the securities to be bought or sold and the amounts of the securities to be bought or sold for it managed account clients. Such authority must be agreed to in writing by the client and is limited to decisions AFMG considers appropriate for the client in accordance with the client's stated investment objectives, goals and risk tolerance levels. AFMG does not permit discretion in ERISA accounts, including SEP and Simple IRAs.

Clients that select discretionary accounts have the opportunity to impose reasonable investment restrictions applicable to Client's assets. Investment restrictions must be reasonable, as solely determined by AFMG, and must be complete and consistent with applicable law. AFMG will observe the investment restrictions that the Client provides, if deemed reasonable; provided that AFMG reserves the right to seek further direction from the Client before any such investment restrictions are observed.

### **Item 17. Voting Client Securities**

- A. If we have, or will accept, proxy authority to vote *client* securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

However, third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

### **Item 18. Financial Information**

- A. If we require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year.

- B. If we are an SEC-registered adviser and have *discretionary authority* or *custody* of *client* funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to *clients*.

We have nothing to disclose in this regard.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.