

Advanced Financial Strategies Inc.

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As of 12.12.11

This Brochure provides information about the qualifications and business practices of Advanced Financial Strategies Inc. (AFS) if you have any questions about the contents of this Brochure, please contact us at 949-502-5333 or Pierre@afs1.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.

References herein to Advanced Financial Strategies Inc. (AFS) as a “ registered investment adviser “ or any reference to being registered does not imply a certain level of skill or training.

Additional information about AFS also is available on the SEC’s website at www.adviserinfo.sec.gov.

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes Since the Last Update

The United State Securities and Exchange Commission issued a final rule in July 2010 requiring advisors to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Brochure Available

Whenever you would like to receive a copy of our Firm Brochure, please contact us by telephone at: (949)502-5333 or by e-mail at: Pierre@afs1.com.

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Advisory Business

AFS is owned by Pierre Ngo, who has been in the financial services practice since 1986.

As of December 31, 2010, AFS managed \$91,267,221 of which \$71,734,039 is managed on a discretionary basis and \$19,533,182 is managed on a non-discretionary basis.

AFS provides the following professional services: Comprehensive and or Modular Financial Planning; Business and Estate Planning; and, Investment Advisory Services.

Comprehensive Financial Planning is the process of meeting the Client's life goals through the proper management of the Client's finances. The process usually involves, but is not limited to, the following:

(1) establishing and defining the Client-advisor relationship; (2) gathering relevant data about the Client, including their goals and objectives; (3) analyzing and evaluating the Client's current financial status; (4) developing and presenting the financial planning recommendations, including alternatives; (5) implementing the financial planning recommendations approved by the Client; (6) monitoring the implementation of the financial planning recommendations approved by the Client; and (7) periodically reviewing and adjusting the financial planning recommendations.

AFS gathers required information through in-depth personal interviews. Information gathered includes a Client's current financial status, future goals and objectives, and attitudes towards risk. Related documents supplied by the Client are carefully reviewed and a written summary is prepared. Should a Client choose to implement the recommendations contained in the plan, Pierre Ngo, in his separate capacity as a registered representative of Capital Synergy Partners, Inc., and AFS DBA: Aspen Financial and Insurance Services, as an insurance agency, can implement advisory recommendations for separate and customary compensation. Implementation of any proposed financial plan is entirely at the Client's discretion. As part of these services, AFS provides advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, estate administration, business planning, insurance services and financing services.

Modular Financial Planning apart from or in addition to the comprehensive financial planning services described above, AFS provides modular, in-depth, analysis of the following:

1. **Cash Flow Management Analysis:** Review income and expense items with the objective of meeting the Client's goals, which may involve making adjustments, changing priorities or establishing a new monthly budget.
2. **Estate Planning:** Identification of assets that can be included in the Client's estate and an analysis of the control, disposition and taxation of those assets. Propose changes for review with the Client's attorney and or tax counsel to strive to accomplish the following:
 - Coordinate an effective method of disposition of the Client's estate
 - Minimize the impact of income, estate and gift taxes
 - Ensure that the estate will have sufficient liquidity to pay taxes
 - Minimize the emotional and financial burden of the Client's beneficiaries
 - Estate administration
3. **Risk Management:** Analysis of the Client's financial exposure relative to mortality, disability, or long term care needs. AFS will also work in conjunction with the Client's other insurance brokers or advisors regarding liability, business and property insurances. Assess the Client's insurance needs, review insurance policies and summarize costs and benefits to ensure up-to-date coverage of risk and that the Client's needs are met. AFS may also refer Clients to a specialist; or, work with the Client's current agent/broker for advice pertaining to liability, business, and/or property insurance policy coverage. AFS does not receive compensation for the referral to a specialist.
4. **Retirement Planning:** Assess the Client's income needs during retirement and develop a plan to meet those needs. The process involves the following steps:
 - Estimating future needs in today's dollars;
 - Calculating that amount in future dollars based on inflation rate assumption;
 - Estimating the Client's expected income from social security, employee retirement plan and other sources;

- Calculate the additional amount needed to provide the Client with adequate income for the future;
 - Analyze the alternatives and tax implications of various retirement plans and their funding vehicles and/or distributions at retirement age; and
 - Recommend appropriate investment vehicles to meet the Client's goals.
5. **College Planning:** Analysis of the expected financial requirements of the future cost of college. Establish a plan to fund these requirements.
 6. **Real Estate:** Assist the Client in analyzing economic and tax reasons for buying, selling or financing property in which the Client has an interest.
 7. **Business Planning:** Services consists of analyzing and recommending the choice of an entity (e.g., corporation, partnership, etc.) for a business, analyzing business needs in conjunction with the Client's attorneys and tax counsel (e.g., buy-sell agreements, shareholder agreements, employment agreements, etc.), analyzing employee benefit needs (e.g., company group health, life and disability insurance, 401(k) and other retirement plans, etc.), and providing recommendations based upon the tax and economic effects on the business.

Investment Advisory Services

AFS Asset Management Services.

The client will contract directly with AFS for the provision of its direct investment management services. Such services consist of analyzing the Client's assets, goals and risk tolerance, and directing the investment of the Client's assets in order to achieve those goals. AFS utilizes strategic asset allocation to assist Clients to meet their investment objectives and then tactically altering the weighting of the various asset classes as market conditions dictate. After consulting with the Client, AFS and the Client complete an Investor Risk Profile Questionnaire to determine which of the following Five (5) investment profiles are appropriate for the Client: (1) Aggressive Growth, (2) Growth, (3) Moderate Growth, (4) Conservative Growth, and (5) Emphasis on Income. Each investment profile defines the time horizon, return goal, risk target tolerance which will dictate the portfolio structure. Each of the foregoing investment profiles are described within the Risk Profile Questionnaire. Additionally, AFS may also customize the Client's investment strategy and profile to achieve the specific needs and desires of the Client.

The Client's investment account(s) will then be managed in accordance with the Asset Allocation investment strategy and investment profile(s).

Strategic asset allocation consists of diversifying the Client's portfolio among various asset classes including, but without limitation: stocks, bonds, mutual funds including exchange traded funds (ETF), and money market instruments. AFS continuously monitors the Client's portfolio, and tactically allocates the weighting of the various asset classes and responds to the changing market environments in accordance to each Client's risk tolerance and investment objective.

Selection and Due Diligence of Third-Party Money Managers

In addition to direct asset management services, AFS also provides personal advisory services in qualifying clients for investment in third-party money management services. AFS will formulate a comprehensive investment strategy tailored to meet the Client's goals and objectives. AFS then selects the money manager that can best implement the Client's investment strategy. AFS will periodically review the performance and investment style of these managers and, when appropriate, may recommend other managers.

Managed Accounts Program (MAP), sponsored by TD Ameritrade and Envestnet Asset Management, Inc. ("Envestnet").

AFS participates in MAP, which provides Clients with access to institutional money managers and their expertise. Such managers are usually only available outside MAP with high account minimums. These managers (using their own proprietary methodologies) invest in a wide range of asset classes and use multiple investment strategies.

Neiman Capital Management (Neiman)

Working with AFS, certain clients may be referred to Neiman. Neiman is a third-party money manager and registered investment advisor that affords AFS clients the opportunity to take advantage of "tactical market asset allocation" on a rotating basis as opposed to a more passive strategic asset allocation modeling. Having constructed an appropriate initial strategic asset allocation for the client, Neiman will strive to tactically reallocate (i.e., restructure) client portfolios, as needed, rotating client assets out of weakening asset classes and into strengthening asset classes, based on the actual movements of the market. Assets are repositioned, regardless of style or asset class, based on current market conditions. Client assets invested with Neiman will be custodied at Fidelity Investments.

Investment Alternative

Where necessary and appropriate, AFS investment advisory representatives (IARs), in their capacity of registered representatives of Capital Synergy Partners, Inc., a FINRA-Registered Broker-Dealer, will recommend clients a wide range of investment alternatives including a variety of variable annuities. AFS will assist you in evaluating how a particular variable annuity and its features fit your individual needs and objectives. An important component of any variable annuity screening and selection process includes carefully reading the variable annuity product prospectus and the variable annuity investment sub account prospectuses before making a purchase decision. Each prospectus contains important information that will help you make an informed choice. AFS will provide you with the variable annuity product prospectus and literature containing the variable annuity investment sub account prospectuses. AFS will also answer your questions such as how the variable annuity investment sub accounts are priced, questions regarding the guaranteed benefits and optional riders available as well as all fees and related expense associated with purchasing and owning a variable annuity as an investment vehicle.

When AFS manage clients' money through a variable annuity contract, AFS will be compensated from the annuity companies or their affiliates that sponsor the variable annuity contract. The payments from these companies to AFS are intended to cover expenses associated with servicing and managing the client accounts. Clients will not be billed for any additional investment management fees by AFS other than the internal variable contract fees and related expenses. You should also be aware that different share classes of variable annuities will usually have different associated ongoing expenses. AFS may receive more or less initial and ongoing compensation depending on the variable annuity share class you elect.

Investors should consider the investment objectives, risks, and charges and expenses of variable annuities carefully before investing. The prospectus contains this and other important information. Prospectuses for both the variable annuity contract and the underlying funds are available from AFS and should be read carefully before investing.

Variable Annuities, issued by insurance companies are long-term investment alternatives designed for retirement purposes. Withdrawals of taxable amounts are subject to income tax and, if made prior to age 59 ½, may be subject to a 10% federal tax penalty. An investment in variable annuities involves risk, including possible loss of principal. The contracts, when redeemed, may be worth more or less than the original investment.

Fees and Compensation

Comprehensive and Modular Financial Planning, Business and Estate Planning

1. AFS Clients will be charged for all Comprehensive and Modular Financial Planning, Business and Estate Planning services at the rate of \$250.00 per hour for all work performed by Pierre Ngo,
2. \$150.00 per hour for all work performed by a Certified Financial Planner™.
3. \$100.00 per hour for all work performed by Registered Para planners, and \$65.00 per hour for all work performed by Administrative Staff
4. AFS will inform the Client of the total number of hours anticipated to complete the project. All outstanding fees shall be due and payable within 30 days of the presentation of the plan to the Client. In the event that the payment is not made within 30 days, a late fee of 1% per month, or the maximum legal rate, whichever is less, on the unpaid balance will be added to the Client's statement. Services may be terminated by written notice.

AFS Asset Management Services:

The AFS asset management fee shall be computed in accordance with the following schedule:

Applicable to the following Portfolios: Aggressive Growth, Growth, and Moderate Growth

Account Size	Annual Fee	Quarterly Fee
First \$250,000	1.000%	0.250%
Next \$250,000	0.875%	0.219%
Next \$500,000	0.750%	0.188%
Next \$1,000,000	0.625%	0.156%
Next \$3,000,000 + over	0.500%	0.125%

Applicable to the following Portfolios: Conservative Growth –

Account Size	Annual Fee	Quarterly Fee
First \$250,000	0.625%	0.156%
Next \$250,000	0.500%	0.125%
Next \$500,000+ over	0.375%	0.094%

Applicable to the following Portfolio: Emphasis on Income

Account Size	Annual Fee	Quarterly Fee
First \$500,000	0.375%	0.094%
Over \$500,000 +	0.250%	0.0625%

Third-Party Money Managers

As aforementioned, AFS participates in solicitation agreements in “Wrap Programs” (all-inclusive fees) such as the MAP Program sponsored by TD Ameritrade and/or Neiman Capital Management, which executes trades through and custodies assets at Fidelity Investments.

Clients invested in Wrap Programs are charged an investment management fee for services that include client profiling, strategic asset allocation, style allocation, research and evaluation of asset managers, ongoing monitoring of manager and account performance, asset manager hiring and termination, account rebalancing, account reporting, and other operational and administrative services.

In addition to the fees charged by the third-party money managers, AFS will also layer its fees for due diligence, selection and ongoing monitoring of any third-party money managers recommended to clients. Such generally range from 0.375% to 1.00% of assets under management.

When structuring client assets with any third-party money manager, AFS will present the client with the third-party money manager’s disclosure document (Schedule H), pursuant to SEC Rule 203(b)-1, together with a separate Disclosure Statement, pursuant to SEC Rule 206 (4)-3.

AFS strongly urges the Client to read and understand such documents prior to approving the use of any third-party program recommended by AFS. The particular investment profiles used by the institutional money managers and the fees they charge and share with AFS are detailed in such disclosures.

GENERAL INFORMATION ABOUT FEES

AFS Asset Management Services

AFS will invoice asset-based fees in arrears at the end of each calendar quarter. Fees will be prorated if the account is opened or closed in the middle of the quarter. Fees will be deducted from the Client's account(s) directly. Management fees are expressed as a percentage of each account(s). This fee will be based upon the total value of each account(s) under management, computed as of the last business day of the calendar quarter. Fees will usually be deducted from Client account(s) in the first week after the preceding billable quarter.

The fees charged by AFS are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory Client (SEC Rule 205(a)(1)). No pro rata adjustments will be made for additions or withdrawals during the quarter.

Third-Party Money Managers

For a full description of the fees charged and methodologies used by third-party money managers, clients should refer to their separate ADV Part 2A and/or Schedule H, Wrap Disclosure documents.

Advisory Agreement and/or Investment Management Services Agreement may be terminated by either party at any time without penalty. Such termination shall not, however, affect liabilities or obligations incurred or arising from transactions initiated under this Agreement prior to such termination, including the provisions regarding arbitration which shall survive any expiration or termination of this Agreement. Upon termination of this Agreement, AFS will immediately stop working on the Client's matter. If there is a balance due and owing by Client, this amount will be due within 30 days of receipt of the final statement.

TD Ameritrade and Fidelity may have transaction fees on the purchase and sale of certain mutual funds or exchange traded funds (ETF), most Mutual Funds may impose a short term redemption fee (please refer to the fund prospectus for complete description). These transaction fees, if any, are separate and distinct from the management fees charged by

AFS. All Clients should review both the fees charged by the mutual funds and the fees charged by AFS to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the advisory services being provided.

Performance-Based Fees and Side-By-Side Management

AFS does not charge any performance-based fee (separate fees charged on a share of capital gains in addition to asset-based fees) accounts “side-by-side”- with asset-based fee accounts.

Types of Clients

AFS provides portfolio management services to individuals-including high net worth, as well as pension and profit-sharing plans.

AFS generally requires a minimum account size of \$250,000. Exceptions to the minimum account size may be separately negotiated on a case by case basis.

Methods of Analysis, Investment Strategies and Risk of Loss

AFS will attempt to respond to various market conditions utilizing macro economics, technical analysis, and other analytical methods in order to take advantage of opportunities and reduce volatility through different market conditions, while optimizing the risk adjusted return. AFS utilizes mutual funds (including ETFs) as being the primary investment vehicle to accomplish this goal. While the goal is to achieve the Client’s investment profile objective, AFS may, at its discretion, utilize mutual funds that move inversely to the market as part of a hedging strategy, either to reduce volatility in a down market or to have a short position in an attempt to profit in a down market. As with any investment strategy, there is a risk in hedging or having a short position because if the market increases, the portfolio using this strategy, instead of making a profit, may stay neutral or may have a loss. Should the Client’s objective, goals, or circumstances change, the Client must notify AFS. AFS will then consult with the Client to adjust the investment strategy and/or investment profile accordingly.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

AFS cannot guarantee the profitability of any investment strategy.

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs, stocks and bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

Specific information about the risks of any particular investment can be reviewed in that investment's disclosure documents.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AFS or the integrity of AFS 'management. AFS has no information applicable to this Item.

Other Financial Industry Activities and Affiliations

Capital Synergy Partners, Inc., a FINRA-Registered Broker-Dealer.

Pierre Ngo, President of AFS, is a registered representative of Capital Synergy Partners, Inc., a FINRA-registered broker-dealer. As a registered representative, Mr. Ngo is licensed to sell general securities through Capital Synergy Partners, Inc. Accordingly, FINRA rules together with Capital Synergy Partners, Inc. policies require that the purchase or sale of any securities or variable products by Mr. Ngo must be placed exclusively through Capital Synergy Partners, Inc. In this capacity, Mr. Ngo can implement securities transactions for Clients, for which Mr. Ngo may receive customary compensation from Capital Synergy Partners, Inc. that is in addition to the compensation Mr. Ngo receives from the Client.

It is anticipated that AFS Clients will use Mr. Ngo and Capital Synergy Partners, Inc. to implement transactions in variable life and or annuity or other securities products, for which Mr. Ngo will receive customary industry commissions.

As such, there may be a potential conflict of interest in AFS and/or Mr. Ngo recommending that the Client purchase or sell securities through Capital Synergy Partners, Inc.; however,

Clients are not obligated to use Mr. Ngo and/or Capital Synergy Partners, Inc. to implement these transactions.

Aspen Financial & Insurance Services

Pierre Ngo (as an individual) and AFS (doing business as Aspen Financial & Insurance Services) are both licensed by the California Department of Insurance to sell the insurance products of any insurance company licensed by the State of California, for which Mr. Ngo and/or AFS, as the case may be, would receive customary industry commissions. As such, there may be a potential conflict of interest in AFS and/or Mr. Ngo recommending that the Client purchase any insurance products; however, Clients are not obligated to use Mr. Ngo and/or AFS to purchase insurance products.

EverBank

AFS has an agreement in place with EverBank whereby AFS receives compensation for referring Clients to EverBank. The amount of compensation depends on which EverBank service the Client utilizes (checking, CD's credit card etc.). AFS does not charge an advisory fee on any assets where it receives a fee from EverBank. AFS Clients are under no obligation whatsoever to utilize EverBank in any capacity. The receipt of this compensation may, however, create a conflict of interest in that AFS may recommend Clients to EverBank for its services instead of other similar institutions that might offer similar services.

Real Estate Loan Origination

Pierre Ngo (as an individual) and AFS are licensed by the California Department of Real Estate as real estate brokers. In this capacity, Mr. Ngo and AFS can assist Clients in arranging for Real Estate loans, SBA loans, and other business financing needs (including commercial, multifamily and residential real estate loans), for which Mr. Ngo and/or AFS would receive customary industry compensations.

Mr. Ngo is a loan officer for Catalyst Lending, Inc., a full service mortgage banker. Mr. Ngo and AFS may recommend the loan services of Catalyst Lending, Inc. for residential loan or other lending sources for commercial and multifamily loan to advisory Clients. If the Client uses Catalyst Lending, Inc., or other lending sources recommended by Mr. Ngo or AFS, then Mr. Ngo or AFS may receive separate and customary compensation from Catalyst Lending, Inc. or the other lending sources. However, no Client is obligated to use the services of Catalyst Lending, Inc., AFS, and/or Mr. Ngo for loan services, and neither Mr. Ngo nor AFS recommend Catalyst Lending, Inc. for all real estate loans. As such, there may be a potential conflict of interest in AFS and/or Mr. Ngo recommending that the Client enter into any loan or real estate transaction; however, Clients are not obligated to use Mr. Ngo and/or AFS for loan services.

Additionally, neither Mr. Ngo nor AFS will ever recommend that a Client take out a real estate loan in order to place the borrowed funds under AFS's management. However, where appropriate, AFS and/or Mr. Ngo may suggest the use of loans for debt consolidation or to achieve Client's financial and/or estate planning goals.

Code of Ethics, Participation in Client Transactions and Personal Trading

AFS has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. AFS's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth AFS's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with AFS may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of AFS that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, AFS requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. AFS also requires such access persons to receive approval from Mr. Ngo prior to investing in any IPO's or private placements (limited offerings).

1. A Director, officer or employee of AFS shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available the investing public on reasonable inquiry. No person of AFS shall prefer his or her own interest to that of the advisory Client.
2. AFS maintains a list of all securities holdings for itself and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of AFS.
3. All Clients are fully informed that AFS and certain individuals may receive separate compensation when effecting transactions during the implementation process.
4. AFS emphasizes the unrestricted right of the Client to decline to implement any advice rendered, except in situations where AFS is granted discretionary authority of the Client's account.
5. AFS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

AFS's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. AFS requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

AFS will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Brokerage Practices

TD Ameritrade Institutional

AFS participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

AFS receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

Assets in AFS Asset Management Program and are usually held at TD Ameritrade. Investments in the Neiman Funds are held at Fidelity Investments. These firms have been selected due to their competitive commission rates as well as services which they provide to independent investment advisors. AFS Clients may benefit from lower commission charges than are available to these companies' own retail Clients. AFS does not have the authority to change the commission rates that are set by "load" mutual fund companies.

AFS generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which AFS arranges transactions.

Although Clients are not required to use a custodian selected by AFS, it may impact AFS' ability to serve such clients. Further, by directing AFS to use a particular broker or dealer, it should be understood that AFS does not have authority to negotiate commissions, best execution may not be achieved, and a disparity in commission charges may exist between the commissions charged to other Clients.

Review of Accounts

Reviews: Asset Management Services

Each account is individually reviewed by trained staff on a regular basis. Additionally, Clients' accounts are reviewed when there is a change in the Client's needs or financial goals. Mr. Ngo is responsible for reviewing all accounts on a continuous basis. AFS reviews all Asset Management accounts regularly to ensure that the investments reflect the goals and risk tolerances of the Clients.

However, while AFS reviews all accounts, AFS does not direct the day-to-day investment decisions of the institutional money managers which AFS selects. The Client will receive periodic statements from the custodian, which will include all transactions in their account, the current investments owned and the total value of investments.

Upon the Client's request, AFS can provide its Clients with comprehensive performance updates. AFS recommends all Clients to verify any portfolio information that AFS sends to Clients with the account statements that such Clients receive from their third party designated custodian.

Reviews: Third-Party Management Services

AFS will monitor the performance reports of all third-party money managers in order to ensure that they continue to meet their performance benchmarks as well as the investment goals, objectives and risk tolerance of its clients.

Reports:

Asset Management Services

The Client will receive trade confirmations as well as monthly and/or quarterly statements from the custodian, which will include all transactions, the current investments owned, and the total value of investments. Upon request, AFS will provide periodic comprehensive performance updates for Clients.

Third-Party Money Managers

Clients will receive trade confirmations, account statements and portfolio appraisal reports as provided by the various third-party money managers and/or their custodians.

Client Referrals and Other Compensation

Cash Payments for Client Solicitations

Although AFS does not compensate individuals as “Solicitors” (as defined in SEC Rule 206(4)-3), Mr. Pierre Ngo, the owner of AFS also owns a business interest in Hubble, LLC. The entity that owns the business building where AFS is located. The owners of Abregov Parrino, LLP, a CPA firm, also owns a business interest in Hubble, LLC. and reside at the same location. Abregov Parrino, LLP, as well as AFS on occasion, refer clients to each other when appropriate. Referred clients are not obligated to engage Abregov Parrino, LLP or AFS at any time. AFS does not compensate Abregov Parrino, LLP for any referral of its clients nor does Abregov Parrino, LLP compensate AFS for any clients which it refers.

OTHER COMPENSATION

TD Ameritrade’s Institutional Customer Program

As disclosed under Item 12 above, AFS participates in TD Ameritrade’s institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor’s participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving AFS clients; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to AFS by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by AFS’ related persons. Some of the products and services made available by TD Ameritrade through the program may benefit AFS but may not benefit its Client accounts. These products or services may assist AFS in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help AFS manage and further develop its business enterprise. The benefits received by AFS or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, AFS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by AFS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the AFS choice of TD Ameritrade for custody and brokerage services.

In addition, where appropriate, AFS may recommend products of various companies, whereby AFS may receive any of the following goods or services: research materials, account record keeping, on-line financial information, publications, data processing and receipt of duplicate Client confirmations.

The benefits received through participation in these programs do not depend upon the number of transactions directed to these firms. Companies may, from time to time, grant incentive awards to AFS's President based upon his recommendation/introduction of investment and insurance products, as well as commissions from Client investments in variable products. While AFS's investment advice to Clients will be based upon their specific needs, in these instances AFS's receipt of these goods and services may be deemed to affect AFS's judgment in recommending products to its Clients. AFS, related persons of AFS, or employees of AFS may, at any time, have positions in, or buy or sell securities identical to those recommended to Clients for their personal accounts. Client purchases and sales are usually, but not always, completed concurrently with purchases and sales by the foregoing persons and entities.

Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. AFS urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Investment Discretion

While the Client always has the right to select the securities to be managed in consultation with AFS, the Client may give AFS written authority to determine, without obtaining specific Client consent, the securities to be bought or sold and the amount of the securities to be bought or sold. Any limits on this discretionary authority must be included in this written authority statement. Clients may change or amend these limitations at any time by giving written notice of the changes to AFS.

Voting Client Securities

As a matter of firm policy and practice, AFS does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. AFS may provide advice to clients regarding the clients' voting

Financial Information

AFS does not solicit fees of more than \$1,200.00/per Client's 6 months or more in advance. AFS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

PRIVACY STATEMENT

AFS is committed to safeguarding the confidential information of its Clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by AFS. We have never disclosed Client's personal information to non-affiliated third parties, except as permitted by law, and do not anticipate doing so in the future. If we were to anticipate such a change in company policy, we would be prohibited under the law from doing so without advising you first. As you know, we use the health and financial information that you provide to us to help you meet your personal financial goals while guarding against any real or perceived infringements of your rights of privacy. Our policy with respect to personal information about you is listed below.

- We limit employee and agent access to your personal information to only those who have a legitimate business or professional reason for knowing, and only to non-affiliated parties as permitted by law. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our company can discuss your financial status with your accountant or lawyer.)*
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.*
- The categories of non-public personal information that we collect from our Clients depend upon the scope of the Client engagement. It will include information about your personal finances, information about your health (to the extent that it is necessary for the planning process or insurance purposes), information about transactions between you and third parties, and information from consumer reporting agencies.*
- For non-affiliated third parties that require access to your personal information, including financial services companies, consultants, and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private. Federal and state regulators also may review our records as permitted by law. As permitted by law, we may disclose your personal information to brokerage companies, insurance companies, banks and financial institutions, and other non-affiliated third parties in order to effect, administer, or enforce a transaction that you request or authorize.*
- We never provide your personally identifiable information to mailing list vendors or solicitors.*

- *Personally identifiable information about you will be maintained during the time you are a Client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws, and consistent with CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.*
- You have the right to request us not to share any information with anyone else except when required by law. If you do not authorize us to share such information, you must notify us in writing to our business address or via e-mail to Pierre@afs1.com.