

American Financial Network Advisors, LLC

Form ADV Part 2A – Disclosure Brochure

Effective: February 21, 2013

This Disclosure Brochure provides information about the qualifications and business practices of American Financial Network Advisors, LLC (“AFN”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (818) 264-4644 or by email at bellen@afn-net.com.

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

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

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Item 2 – Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of AFN.

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

Material Changes

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

Future Changes

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

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

To review the firm information for AFN:

- Click **Investment Advisor Search** in the left navigation menu.
- Select the option for **Investment Advisor Firm** and enter **160322** (our firm's CRD number) in the field labeled "Firm IARD/CRD Number".
- This will provide access to Form ADV Part 1 and Part 2.
- Item 11 of the ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left navigation menu, Form ADV Part 2 is located near the bottom.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (818) 264-4644 or by email at bellen@afn-net.com.

Item 3 – Table of Contents

| | |
|---|-----------|
| Item 1 – Cover Page..... | 1 |
| Item 2 – Material Changes..... | 2 |
| Item 3 – Table of Contents..... | 3 |
| Item 4 – Advisory Services | 4 |
| A. Firm Information | 4 |
| B. Advisory Services Offered | 4 |
| C. Client Account Management | 5 |
| D. Wrap Fee Programs | 6 |
| E. Assets Under Management..... | 6 |
| Item 5 – Fees and Compensation..... | 6 |
| A. Fees for Advisory Services | 6 |
| B. Fee Billing | 6 |
| C. Other Fees and Expenses | 7 |
| D. Advance Payment of Fees and Termination..... | 7 |
| E. Compensation for Sales of Securities | 7 |
| Item 6 – Performance-Based Fees and Side-By-Side Management | 8 |
| Item 7 – Types of Clients | 8 |
| Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss | 8 |
| A. Methods of Analysis..... | 8 |
| B. Risk of Loss..... | 8 |
| Item 9 – Disciplinary Information | 9 |
| Item 10 – Other Financial Industry Activities and Affiliations | 9 |
| Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... | 10 |
| A. Code of Ethics..... | 10 |
| B. Personal Trading with Material Interest..... | 10 |
| C. Personal Trading in Same Securities as Clients..... | 10 |
| D. Personal Trading at Same Time as Client | 10 |
| Item 12 – Brokerage Practices..... | 10 |
| A. Recommendation of Custodian[s]..... | 10 |
| B. Aggregating and Allocating Trades | 12 |
| Item 13 – Review of Accounts..... | 12 |
| A. Frequency of Reviews | 12 |
| B. Causes for Reviews | 12 |
| C. Review Reports | 12 |
| Item 14 – Client Referrals and Other Compensation..... | 12 |
| A. Compensation Received by AFN | 12 |
| B. Client Referrals from Solicitors | 13 |
| Item 15 – Custody | 13 |
| Item 16 – Investment Discretion | 13 |
| Item 17 – Voting Client Securities | 13 |
| Item 18 – Financial Information | 13 |
| Privacy Policy..... | 13 |

Item 4 – Advisory Services

A. Firm Information

American Financial Network Advisors, LLC (“AFN” or the “Advisor”) is a Registered Investment Advisor with the U.S. Securities and Exchange Commission, which is organized as a Limited Liability Company (LLC) under the laws of the State of Delaware. AFN was founded in October 2012, and is a wholly owned subsidiary of American Financial Network, LLC. American Financial Network, LLC is owned and operated by Brett S. Ellen. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by AFN.

B. Advisory Services Offered

AFN offers investment advisory services to individuals, high net worth individuals, corporate clients and retirement plans in California and other states (each referred to as a “Client”). AFN offers clients a highly customized approach to investing with comprehensive financial solutions, plus service & support that we believe is unparalleled in the industry. Utilizing innovative investment techniques, AFN specializes in asset allocation and portfolio design. Clients benefit from our expertise with full access to a team of accomplished professionals and a vast array of financial products and advisory services.

Account Portfolio Management

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

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

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

AFN evaluates and selects investments for inclusion in Client portfolios only after applying their internal due diligence process. AFN’s investment strategy is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. AFN may recommend, on occasion, redistributing investment allocations to diversify the portfolio. AFN may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement, which may adversely affect the portfolio. AFN may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

Prior to rendering investment advisory services, AFN will ascertain, in conjunction with the Client, the Client’s financial situation, risk tolerance, and investment objective[s].

AFN will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will AFN accept or maintain custody of a Client’s funds or securities. All Client assets will be managed within their designated brokerage account or pension account, pursuant to the Client Investment Advisory Agreement.

Financial Planning and Consulting Services

AFN will typically provide a variety of financial planning services to individuals and business clients, pursuant to a written Financial Planning or Consulting Agreement.

For individual planning engagements, AFN employs a goals-driven custom financial planning process, which includes a detailed Cash Flow Analysis, Evaluation of Existing Holdings, an Investment Policy Statement and Custom Allocation Design. Services are offered in several areas of a Client's financial situation, depending on their goals, objectives and financial situation.

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 areas of need, including, but not limited to investment planning, retirement planning, personal savings, education savings and other areas of a Client's financial situation.

A financial plan developed for or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. AFN may also refer Clients to an accountant, attorney or other specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a potential conflict between the interests of the Advisor and the interests of the Client. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to effect the transaction through the Advisor.

For corporate client engagements, AFN provides corporate and executive benefits services that include:

- Qualified 401(k)s & Profit Sharing Plans
- Defined Benefit Plans
- ESOPs
- Section 125 (Flexible Spending Accounts)
- Custom Designed Group Life
- Deferred Compensation, SERPs and Bonus Plans
- Business Continuation Planning & Exit Strategies

C. Client Account Management

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

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

D. Wrap Fee Programs

AFN typically pays the transaction fees for Client accounts as part of its overall Investment Advisory Fees (See Item 5 – Fees and Compensation). The inclusion of these transaction costs into the investment advisory fee is generally considered a “wrap fee program”. While traditional wrap fee programs often have a defined set of investment options and uniform trading practices, AFN *customizes* its investment advisory services for its Clients. The wrap fee program merely provides for these services under a single annualized fee.

AFN is the sponsor and the manager of the AFN Wrap Fee Program. A complete description of the AFN Fee Wrap Program is contained in the AFN Wrap Program Brochure.

E. Assets Under Management

As a new registered investment advisor, AFN does not have disclosures to make regarding this item. Clients may request more current information at any time by contacting the Advisor.

Item 5 – Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for investment management. Each Client shall sign an Investment Advisory Agreement that details the responsibilities of AFN and the Client.

A. Fees for Advisory Services

Account Portfolio Management

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

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

Investment Advisory Fees in the first quarter of service are prorated to the inception date of the account to the end of the first quarter. Fees may be negotiable at the discretion of the Advisor. The Client’s fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by AFN will be independently valued by the designated Custodian. AFN will not have the authority or responsibility to value portfolio securities.

Financial Planning and Consulting Services

AFN offers financial planning or consulting services on a fixed fee basis, based on the nature, complexity and duration of the services to be provided to the Client. The Scope of Work and associated costs are provided to the Client prior to engaging in these services.

The Advisor’s fee is exclusive of, and in addition to brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs. The hourly fees are determined after considering many factors, such as the level and scope of the services.

B. Fee Billing

Account Portfolio Management

Investment Advisory Fees will be automatically deducted from the Client Account by the Custodian as instructed by the Advisor. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client Account at the respective quarter end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with AFN at the end of each quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the Investment Advisory Fee.

Account Portfolio Management - continued

It is the responsibility of the Client to verify the accuracy of these fees as listed on the custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting AFN to be paid directly from their accounts held by the Custodian as part of the Investment Advisory Agreement and separate account forms provided by the Custodian.

Financial Planning and Consulting Services

Financial planning and consulting fees may be invoiced 50% upon execution of the Financial Planning and Consulting Agreement and 50% upon receipt of the agreed upon deliverable.

C. Other Fees and Expenses

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

For Clients in the AFN Wrap Program, all normal custodial and execution fees charged by the custodian are included in the Clients Investment Advisory Fee as noted above. Clients are responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer for services provided outside the AFN Wrap Fee Program. In this situation, the Investment Advisory Fee charged by AFN is separate and distinct from these custodian and execution fees.

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

D. Advance Payment of Fees and Termination

Account Portfolio Management

AFN is compensated for its services in advance the quarter in which investment advisory services are rendered. Clients may request to terminate their Investment Advisory Agreement with AFN, in whole or in part, by providing advance written notice. The Client shall be responsible for Investment Advisory Fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid Investment Advisory Fees from the effective date of termination to the end of the quarter. The Client's Investment Advisory Agreement with the Advisor is non-transferable without Client's written approval.

Financial Planning and Consulting Services

In the event that a Client should wish to cancel the financial planning agreement under which any plan is being created, the Client shall be billed for actual hours logged on the planning project times the agreed upon hourly rate. Any surplus in the Advisor's possession as the result of collecting a deposit at the time of signing the financial planning agreement will be returned to the Client within 5 business days of cancellation.

Either party may terminate a planning or consulting agreement at anytime by providing written notice to the other party. In addition, the Client may terminate the agreement within five (5) days of signing the Advisor's financial planning or consulting agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Refunds will be given on a pro-rata basis.

E. Compensation for Sales of Securities

AFN does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the Investment Advisory Fees noted above.

Item 6 – Performance-Based Fees and Side-By-Side Management

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

Item 7 – Types of Clients

AFN offers investment advisory services to individuals, high net worth individuals, corporate clients and retirement plans in California and other states. The relative percentage each type of Client is available on AFN's Form ADV Part 1. These percentages will change over time. AFN generally does not impose a minimum account size for establishing a relationship.

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

A. Methods of Analysis

AFN primarily employs both fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from AFN is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others. As noted above, AFN generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. AFN will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, AFN may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

B. Risk of Loss

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

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

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that AFN will be able to accurately predict such a reoccurrence. More details on the Advisor's review process are included in Item 13.

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

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses. The Advisor primarily utilizes option strategies to reduce portfolio risk through covered call options or collar strategies.

A *covered call* is an options strategy whereby an investor holds a long position in an asset and writes (sells) call options on that same asset in an attempt to generate increased income from the asset. This is often employed when an investor has a short-term neutral view on the asset and for this reason hold the asset long and simultaneously have a short position via the option to generate income from the option premium.

An *options collar strategy* is protective options strategy that is implemented after a long position in a stock has experienced substantial gains. It is created by buying an out of the money put option while simultaneously writing (selling) an out of the money call option.

Management Through Similarly Managed Accounts

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

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

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

Broker-Dealer Affiliation

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

Insurance Agency Affiliations

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

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

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

B. Personal Trading with Material Interest

AFN allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. AFN does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advice an investment company. AFN does not have a material interest in any securities traded in Client accounts.

C. Personal Trading in Same Securities as Clients

AFN allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you. In addition the Code of Ethics governs Gifts and Entertainment given by and provided to the Advisor, outside employment activities of employees, Employee reporting, sanctions for violations of the Code of Ethics, and records retention requirements for various aspects of the Code of Ethics.

D. Personal Trading at Same Time as Client

While AFN allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, these trades do not occur at the same time. AFN will place trades only after Client orders have been placed and filled. **At no time, will AFN or any associated person of AFN, transact in any security to the detriment of any Client.**

Item 12 – Brokerage Practices

A. Recommendation of Custodian[s]

AFN does not have discretionary authority to select the broker-dealer / custodian for custodial and execution services or the administrator for defined contribution accounts. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize AFN to direct trades to this custodian as agreed in the Investment Advisory Agreement. Further, AFN does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where AFN does not exercise discretion over the selection of the custodian, it may recommend the custodian[s] to Clients for execution and /or custodial services. AFN will typically recommend that Client utilize Charles Schwab, Inc., through its Advisor Services division (herein “Schwab”), as the primary custodian. Clients are not obligated to use the recommended custodian and will not incur any extra fee or cost associated with using a broker not recommended by AFN. Following are some of the benefits that AN and its Clients derive from AFN’s relationship with Schwab.

Services that Benefit You.

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

Services that May Not Directly Benefit You.

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

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

Services that Generally Benefit Only Us.

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

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

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

As discussed above, certain Advisory Persons in their respective individual capacities, are registered representatives of SA. These Advisory Persons are subject to FINRA Rule 3040, which restricts registered representatives from conducting securities transactions away from SA without prior consent. SA has approved Schwab as a custodian option for these Advisory Persons.

Following are additional details regarding the brokerage practices of the Advisor:

- 1. *Soft Dollars*** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **AFN does not participate in soft dollar programs sponsored or offered by any broker-dealer. However, AFN does receive economic benefit from Schwab resulting from their institutional relationship and a commitment of a level of assets on the Schwab platform (See Item 14.).**
- 2. *Brokerage Referrals*** - AFN does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.
- 3. *Directed Brokerage*** - All Clients are serviced on a “directed brokerage basis”, where AFN will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions

(i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the custodian, AFN will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.

B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. AFN will execute its transactions through an unaffiliated broker-dealer selected by the Client. AFN may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

Item 13 – Review of Accounts

A. Frequency of Reviews

Accounts are monitored on a regular and continuous basis by Advisory Persons of AFN. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify AFN if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

C. Review Reports

The Client will receive brokerage statements no less than quarterly from the trustee or custodian. These brokerage statements are sent directly from the custodian to the Client. The Client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

Item 14 - Client Referrals and Other Compensation

A. Compensation Received by AFN

AFN is a fee-only advisory firm, who, in all circumstances, is compensated solely by the Client. AFN does not receive commissions or other compensation from product sponsors, broker dealers or any un-related third party. AFN may refer Clients to various third parties to provide certain financial services necessary to meet the goals of its Clients. Likewise, AFN may receive referrals of new Clients from a third-party.

Participation in Institutional Advisor Platform

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

B. Client Referrals from Solicitors

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

Item 15 – Custody

AFN does not accept or maintain custody of any Client accounts, other than the authority granted to us by Clients to deduct our advisory fees. All Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct AFN to utilize that custodian for the Client's security transactions. AFN encourages Clients to review statements provided by account custodian. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

Item 16 – Investment Discretion

AFN generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by AFN. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by AFN will be in accordance with each Client's investment objectives and goals.

Item 17 – Voting Client Securities

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

Item 18 – Financial Information

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

Privacy Policy

Effective: February 21, 2013

Our Commitment to You

American Financial Network Advisors, LLC ("AFN") is committed to safeguarding the use of your personal information that we have as your Investment Advisor. AFN (also referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

AFN does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and proper business purposes in connection with the servicing and management of our relationship with you as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Privacy Policy.

Why you need to know?

Registered Investment Advisors ("RIAs") share some of your personal information. Federal and State laws give you the right to limit some of this sharing. Federal and State laws require RIAs to disclose how we collect, share, and protect your personal information.

What information do we collect from you?

| | |
|--|---------------------------------|
| Social security or taxpayer identification number | Assets and liabilities |
| Name, address and phone number(s) | Income and expenses |
| E-mail address(es) | Investment activity |
| Account information (including other institutions) | Investment experience and goals |

What sources do we collect information from in addition to you?

| | |
|---|---|
| Custody, brokerage and advisory agreements | Account applications and forms |
| Other advisory agreements and legal documents | Investment questionnaires and suitability documents |
| Transactional information with us or others | Other information needed to service account |

How we share your information?

RIAs do need to share personal information regarding its clients to effectively implement the RIA's services. In the section below, we list some reasons we may share your personal information.

| Basis for sharing | Sharing | Limitations |
|---|--|---|
| Servicing our Clients We may share non-public personal information with non-affiliated third parties (such as brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed services to you consistent with applicable law, including but not limited to: <ul style="list-style-type: none"> • Processing transactions; • General account maintenance; • Responding to regulators or legal investigations; and • Credit reporting, etc. | AFN may share this information. | Clients cannot limit the Advisors ability to share. |
| Administrators We may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested. | AFN may share this information. | Clients cannot limit the Advisors ability to share. |
| Marketing Purposes AFN does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where AFN or the client has a formal agreement with the financial institution. We will only share information for purposes of servicing your accounts, not for marketing purposes. | AFN does not share personal information. | Clients cannot limit the Advisors ability to share. |
| Authorized Users In addition, your non-public personal information may also be disclosed to you and persons we believe to be your authorized agent or representative. | AFN does share personal information. | Clients can limit the Advisors ability to share. |
| Information About Former Clients AFN does not disclose, and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our clients. | AFN does not share personal information regarding former clients | Clients can limit the Advisors ability to share. |

How do we protect your information?

To safeguard your personal information from unauthorized access and use, we maintain physical, procedural and electronic safeguards. These include computer safeguards such as passwords, secured files and buildings.

Our employees are advised about AFN's need to respect the confidentiality of each client's non-public personal information. We train our employees on their responsibilities.

We require third parties that assist in providing our services to you to protect the personal information they receive. This includes contractual language in our third party agreements.

Changes to our Privacy Policy.

We will send you notice of our Privacy Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise our Privacy Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

State specific regulations

| | |
|------------|---|
| California | In response to a California law, to be conservative, we assume accounts with California addresses do not want us to disclose personal information about you to non-affiliated third parties except as permitted by California law. We also limit the sharing of personal information about you with our affiliates to ensure compliance with California privacy laws. |
|------------|---|

Questions: You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (818) 264-4644 or via email at bellen@afn-net.com.