

Afferent Investments, LLC

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Form ADV Part 2A Brochure

Afferent Investments, LLC ("Afferent") is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). An "investment adviser" is any person or entity that, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of investments or as to the advisability of investing in, purchasing, or selling investments, or who, for compensation and as part of a regular business, issues analyses or reports concerning investments. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This Disclosure Brochure (the "Brochure") provides information about the qualifications and business practices of Afferent. If you have any questions about the contents of this Brochure, please contact us at (866) 254-4235. The information in this Brochure has not been approved or verified by the SEC or by any state regulatory authority.

Additional information about Afferent is available on the SEC's website at www.adviserinfo.sec.gov. Afferent's CRD/IARD number is **282422**.

Material Changes – Item 2

The purpose of this page is to inform you of any material changes since the previous version of this Brochure.

Afferent was established in 2016. Since then, assets under management have increased to \$3,135,514. This is the only material change since the prior version of this Brochure.

Afferent reviews and updates this Brochure at least annually to make sure that it remains current.

Full Brochure Available

If at any time you would like to receive a complete copy of Afferent's current Brochure, please contact Scott Johnson, Chief Compliance Officer, at (866) 254- 4235 or by email at scott.johnson@fusioncm.com. A copy is also available on the SEC's website.

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Advisory Business - Item 4

Afferent (the “Firm,” “we,” “us,” or “our”) is a registered investment adviser based in Coppell, Texas that has been offering advisory services since 2016. Afferent is principally owned by Coppell Advisory Solutions, LLC, an SEC register investment adviser (CRD# 156549), and Afferent Provider Solutions, LLC. Ryan Borer is the Managing Member and primary control person of Coppell Advisory Solutions, LLC and is a Managing Member of Afferent. Michael F. Duffy is the primary owner and Managing Member of Afferent Provider Solutions, LLC and is also a Managing Member of Afferent. Scott Johnson is Afferent’s Chief Compliance Officer.

Afferent primarily offers financial planning and portfolio management services to its clients. The following paragraphs describe those services and the fees charged for those services.

Financial Planning Services

Afferent offers broad-based financial planning to our clients. This includes tax planning, insurance planning, estate planning, retirement planning, education planning, and budgeting and cash flow analysis. Afferent strives to assist each financial planning client in achieving his/her long-term financial goals by implementing a financial planning process tailored to that client and which may include any or all of the following steps:

- Assessment of the client’s present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc.
- Identification of the client’s financial and personal goals and objectives with the intent that those goals and objectives will be specific, realistic and measurable.
- Identifying obstacles that might prevent the client from achieving his/her financial goals and objectives (for example, too much or too little insurance coverage, inadequate cash flow, inadequate savings, a high tax burden, etc.) and then establishing a plan intended to address those obstacles.
- Design a written financial plan that includes specific recommendations for achieving the client’s goals and objectives and addressing obstacles.
- Implementation of the financial plan.
- Periodic evaluation of the financial plan to monitor performance and identify areas in which the financial plan should be modified. (Client may be required to pay an additional fee for this service).

Financial plans and the recommendations contained within them are based on each client’s individual financial situation. As such it is imperative that each client advise us if his/her financial situation, goals, objectives, or needs materially change.

We also provide limited financial planning services that target specific areas, such as: retirement or estate planning, asset allocation analysis, portfolio manager due diligence, 401(k) platform due diligence, etc. Further, we offer consultative services where, for an hourly fee, we will address any financial-related subjects about which a client is concerned.

When a client engages us to provide financial planning services, the client may choose to accept or reject any or all of our recommendations. If the client decides to proceed with any or all of our recommendations, the client may do so either through us or through the advisory/brokerage firm of his/her choice. Clients are under no obligation to implement our recommendations through us.

Portfolio Management Services

Afferent offers portfolio management services to our clients. Portfolio management involves the selection of investments consistent with the goals, objectives, and risk tolerance of the client, monitoring the performance of those investments, and making changes in the composition of the portfolio as deemed appropriate.

Afferent offers portfolio management services on a discretionary and non-discretionary basis. Under discretionary portfolio management, a client authorizes us to make investment decisions and place buy or sell orders in his/her account without contacting him/her before each transaction. Under non-discretionary portfolio management, a client requires us to obtain his/her specific approval prior to effecting any transaction in his/her account. All investment recommendations are made and all transactions are effected based upon each client's individual investment goals, objectives, and risk tolerance.

If you decide to retain us to manage your investment portfolio, we will meet with you to gather information concerning your personal circumstances and your financial condition (including income, net worth, liquid assets, investment holdings, etc.), determine your goals and objectives, and identify the level of risk you are comfortable in taking relative to your investments. The information we gather will help us to establish an asset allocation strategy and create an investment portfolio that will be specific to your goals and objectives.

The investment portfolios we structure for our clients primarily include equity securities (common and preferred stocks), exchange traded funds, no-load or load-waived mutual funds, and options (primarily covered call writing strategies). We may also use corporate, municipal, and U.S. government bonds as well as other types of income-oriented investments such as certificates of deposit.

Once we have constructed your investment portfolio, we will monitor your portfolio's performance on an ongoing basis and adjust or rebalance it (or in the case of non-discretionary accounts, recommend to you that it be adjusted or rebalanced) whenever we deem it necessary (for example, when we view an investment's performance as lacking, when there are changes occur in market conditions, when there are changes in your financial circumstances, etc.).

As outlined above, discretionary portfolio management means that an investment portfolio has been established, the ongoing supervision and management of the portfolio will be our responsibility. We will decide which specific securities to buy and sell for your account, the quantity of the securities to be bought or sold, and when those transactions will occur. You may limit the scope of our discretionary authority (for example, identifying particular investments you do not want to be purchased for your account) by providing us with those limitations in writing.

As also outlined above, non-discretionary portfolio management means that we must obtain your approval prior to effecting any investment transactions in your account. We will only buy or sell investments in your account that you have specifically authorized us to buy or sell.

Delegation to Sub-Advisors

We primarily manage client portfolios by employing the services of other registered investment advisers (“sub-advisors”). We require all sub-advisors whose services we use to be registered as investment advisers with either the SEC or with appropriate state regulatory authorities.

Generally, we use sub-advisors to provide us with research and with asset allocation models and we use that information in our management of client portfolios. We have the discretion to hire or fire sub-advisors where we deem it to be in the best interests of our clients. We share with our sub-advisors a portion of the advisory fees we charge to our clients. Clients are not charged additional fees because we use sub-advisors.

We currently employ the services of one sub-advisor, Coppell Advisory Solutions, LLC, which, as noted above, is one of our owners.

Wrap Fee Program

In addition to the fees we charge for our portfolio management services (which are discussed in more detail below), transaction costs (for example, commission charges) and other related expenses associated with purchasing and selling investments for client accounts are charged directly to each client. (Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs). These expenses are usually charged in conjunction with each transaction effected in a client’s account.

As an alternative, we offer a Wrap Fee program under which client accounts are charged a single fee that incorporates all portfolio management fees and transaction-related expenses. We have separately prepared a Wrap Fee Disclosure Brochure that includes the details of this program. Please note that the overall costs associated with participation in our Wrap Fee program may be higher or lower than if the underlying services were paid for separately.

Assets Under Management

As of December 31, 2016, we had \$3,135,514 in assets which we managed on a discretionary basis. We do not currently manage any assets on a non-discretionary basis.

Fees and Compensation - Item 5

Financial Planning Services

We charge a fixed fee and/or hourly fee for financial planning services, as follows:

- *Fixed Fees:* The fixed fees charged for financial planning are determined by the complexity of the client’s financial circumstances and investment objectives. For

broad-based financial planning, that fee generally ranges from \$1,000 to \$20,000. The amount of the fee is negotiated on a client-by-client basis.

- *Hourly Fees:* Clients who request limited financial planning services (such as a modular plan or hourly consulting services) and do not desire a broad-based written financial plan will generally be charged at an hourly rate of \$200 per hour.

All financial planning fees are negotiated with the client before any services are provided. Clients will usually be required to enter into a written agreement with Afferent that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided. Generally, clients are required to pre-pay 50% of the fee at the time the engagement is entered into with the remaining balance due upon completion of the agreed upon services. Other fee payment arrangements may be negotiated with on a case-by-case basis.

If a client engages Afferent for other services, such as portfolio management services, we may offset all or a portion of our financial planning fees against the portfolio management fees that will be charged. We will address this at the time we enter into an agreement to provide those additional services.

Either we or the client may terminate a financial planning engagement by written notice to the other party. In the event of a termination before the completion of the engagement, we will negotiate with the client the amount of the fees that should be retained by us for the services we provided up to the date of termination. Should we agree to return all or a portion of the fees paid at the time the engagement is entered into, we will return those fees promptly.

Portfolio Management Services

For portfolio management services, we charge an annual fee equal to one-percent (1.00%) of the market value of the assets being managed. (Our fee for our Wrap Fee program, which is discussed in more detail in our Wrap Fee Disclosure Brochure, is 1.25%). This fee, however, is negotiable. The exact fee charged to each client will be clearly set forth in a written advisory agreement we require each client to sign. Our portfolio management fees are based solely on the value of each client's account. We do not charge performance-based fees, which are additional fees that are charged when an account increases in value a particular percent.

One-twelfth of our portfolio management fee is charged on a monthly basis, at the end of the month, based on the average daily value of the account containing the assets being managed. We charge our portfolio management fees "in arrears," meaning that they are charged after we have provided those services. We generally deduct our portfolio management fees directly from each client's account but will only do so if the client has provided us with written consent (which is contained in the advisory agreement each client executes with us).

The brokerage firm that holds client account (referred to as the "custodian") will send each client an account statement, usually monthly but on at least a quarterly basis. This statement will detail all activity in the client's account, including the fees we have charged. We strongly encourage each client to review each statement relating to his/her accounts to confirm that

they are accurate.

As noted above, the portfolio management fees we charge are exclusive of and in addition to transaction-related expenses.

When a client enters into an agreement with us to provide portfolio management services on any day other than the first day of the month, we will pro-rate our first month's fees based on the number of days our agreement with the client was in effect.

Our portfolio management services are provided on a continuing basis and will remain in effect until either we or the client terminate our advisory agreement pursuant to the terms set forth in that agreement. Our last monthly portfolio management fee will be pro-rated based on the number of days in the last month our agreement with the client was in effect.

Additional Fees and Expenses

The portfolio management fees we charge are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds that we may purchase for client accounts. Those fees and expenses are described in each fund's prospectus and may include management fees, distribution fees, and other fund expenses. We do not receive any portion of those fees.

Clients can invest directly in the mutual funds we may purchase for their accounts without our portfolio management services. Clients doing so will not receive the services we provide which are designed, among other things, to assist clients in evaluating which mutual funds appear to be most appropriate to their individual financial condition and investment objectives. Client should consider both the costs and the advantages/disadvantages of investing directly as opposed to investing using our services.

Our portfolio management services are based on all of the information each client provides to us concerning his/her financial circumstances, investment objectives, and risk tolerance. We make certain informed assumptions with respect to interest and inflation rates and the potential trends and performance of the investment markets and economy in deciding which investments to buy and sell for client accounts. Past performance of individual investments and of the market in general is in no way an indication of future returns. We strongly encourage each client to promptly notify us as his/her financial circumstances, goals, objectives, risk tolerance, or needs change as they may affect how we manage their investment portfolios.

Performance-Based Fees - Item 6

As noted above, we do not charge performance-based fees on client accounts.

Types of Clients - Item 7

We generally offer financial planning and portfolio management services to individuals, pension and profit sharing plans and their participants, trusts, estates, charitable organizations, corporations, and other business entities.

We generally require a minimum of \$20,000 to open and maintain a portfolio management account. At our sole discretion, we may waive this requirement. This typically occurs when we manage multiple accounts for a client and/or the family members of a client.

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

The following are different methods of analysis that we may use when providing portfolio management services:

- Charting – charting is a technique that attempts to forecast future market moves by studying historical market data on charts.
- Fundamental Analysis – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect the actual business of the issuer of that security and its future prospects. The term refers to the analysis of the economic well-being of an issuer as opposed to only its price movements.
- Technical Analysis – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short-term. It assumes that market psychology influences trading and can be a predictor when stocks may rise or fall.
- Cyclical Analysis – cyclical analysis is a technique that looks at business and/or market cycles, specifically analyzing the way prices follow certain patterns and trends.

We may use one or more of the following investment strategies when managing client portfolios:

- Long Term Purchases – securities held for over a year.
- Short Term Purchases – securities held for less than a year.
- Trading – securities are sold within 30 days.
- Covered Call Options – a covered call option strategy in one in which “call options” (giving the option holder the right to buy shares of a stock at a pre-

determined price within a per-determined time frame) are sold in the account of a client who owns equivalent number of shares of the underlying stock. The sale of the option results in income to the account of the client.

- **Margin Transactions** – margin strategies allow a client to purchase securities on credit using securities in the client's account as collateral. Interest is charged on any borrowed funds for the period of time that the loan is outstanding.
- **Short Sales** – short selling is the selling of a stock that the seller doesn't own. Short selling usually occurs when the seller believes the price of the stock will decrease in the future. The seller is obligated to deliver the underlying stock within a specified period of time.

While different investments and different investment strategies involve varying degrees of risk, all investments and investment strategies involve some risk of loss. No client should invest if he/she is not willing to bear the risk of loss.

Some of the specific risks clients should consider include:

General Market Risk: The performance of investments may be affected by domestic and international political and economic developments, investment markets, tax laws, and government, economic and monetary policies.

Interest Rate Risk: The value of fixed income investments (such as corporate, government and municipal bonds) and investments comprised of fixed income securities may rise or fall in value based on changes in interest rates. Generally, the prices of fixed income investments rise when interest rates fall and fall when interest rates rise. Longer term fixed income investments are usually more sensitive to interest rate changes.

Credit Risk: Investments in individual fixed income securities are subject to the risk that an issuer may not make required interest payments. The credit rating of a fixed income security may be adversely affected by adverse changes in an issuer's financial condition, which could result in a decrease in the value of the securities greater volatility in that value. A lowering of the credit rating of a security may also adversely affect the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign Exchange Risk: Foreign investments may be affected favorably or unfavorably by international economic factors, by government policies affecting foreign trade, and by changes in exchange rates. Those factors may influence the value of individual investments as well as dividend or interest payments. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions. If the currency in which an investment is denominated appreciates against the US Dollar, the value of the investment will increase. Conversely, a decline in the exchange rate of the currency will adversely affect the value of the investment.

Risks Associated with Investing in Options: Transactions in options generally carry a high degree of risk. A relatively small market movement may have a proportionately larger impact on the value of options, which may work for or against an investor. Even certain options strategies considered conservative or intended to limit losses on other investments may not be effective because of how they are affected by market conditions. Potential losses associated with certain options transactions can exceed the amount invested.

The foregoing is not meant to be an exhaustive list of the risks to which a client's investments may be exposed. Because certain investments and investment strategies are not appropriate for all clients, each client should identify as clearly as possible the amount of risk he/she is willing to accept.

Disciplinary Information - Item 9

Registered investment advisers such as Afferent are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of us or the integrity of our management. Neither Afferent nor our officers have been the subject of any material legal or disciplinary events.

Other Financial Industry Activities or Affiliations - Item 10

Certain of our officers and Investment Advisory Representatives ("IARs") are licensed as insurance agents and offer insurance products issued by a variety of insurance companies. They are paid commissions in conjunction with each insurance product they sell. While clients may purchase insurance products through one of our officers or IARs, that activity is unrelated to the financial planning or portfolio management services we offer. Clients are under no obligation to purchase insurance products from any of our IARs or officers.

When a client who receives financial planning and/or portfolio management services from us also purchases an insurance product through one of our IARs or officers, a conflict of interest exists because that officer or IAR will receive both a fee and a commission. We have policies and procedures in place that require all our officers and IARs to act at all times in the best interest of their clients, regardless of how they are compensated.

As previously noted, Afferent is partially owned and controlled by Coppel Advisory Solutions,

LLC, an SEC registered investment adviser (CRD# 156549). Certain owners and management persons of Coppel Advisory Solutions, LLC are also associated with Afferent.

Afferent is also affiliated with Ministry Benefit Investments, LLC (CRD# 281619), and Precision Capital Management (CRD# 174239) through common control and ownership. These firms are SEC registered investment advisers. Like Coppel Advisory Solutions, LLC, certain owners and management persons of Ministry Benefit Investments, LLC and Precision Capital Management are also associated with Afferent.

As also previously noted, Afferent has retained Coppel Advisory Solutions, LLC as a third-party adviser to assist in managing its clients' portfolios. As such, we share a portion of the portfolio management fees we receive with that entity. This compensation arrangement presents a conflict of interest because it creates a financial incentive for us to employ the services of an affiliated firm. We recognize our duty to act in the best interests of each of our clients at all times.

Coppel Advisory Solutions, LLC is partially owned by Partners Advantage Insurance Services LLC. Partners Advantage Insurance Services LLC is an independent marketing organization providing distribution and other marketing functions for insurance companies. Certain agents associated with Partners Advantage Insurance Services LLC may also be registered as IARs with Afferent. Clients to whom we offer financial planning or portfolio management services are under no obligation to utilize the services of these agents for insurance services and may use the insurance brokerage firm and agent of their choice.

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

Description of Our Code of Ethics

Afferent has adopted a Code of Ethics (the "Code") to address the conduct of its officers and IARs. The Code focuses primarily on the fiduciary duty we owe to our clients as well as how we address conflicts of interest of our officers and IARs pertaining to their personal securities transactions, insider trading, gifts, and other conflicts of interest.

A copy of the Code is available upon request to Scott Johnson, our Chief Compliance Officer, at (866) 254- 4235.

Personal Trading Practices

At times Afferent's officers and/or IARs may purchase or sell the same investments that are purchased or sold in client accounts. We have procedures in place to monitor this activity and to prevent our officers and IARs from effecting transactions that would adversely affect the

interests of clients.

Brokerage Practices - Item 12

The custodian for the accounts of our clients is TD Ameritrade, Inc. ("TDA"). TDA is a securities brokerage firm that is registered with the SEC and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). TDA is not unaffiliated with us in any way. As custodian, TDA maintains the accounts in which our client investment assets and funds are held, it executes, clears and settles all investment transactions that we effect for the accounts of our clients, it issues confirmations of those transactions, and it issues periodic account statements summarizing all activity and all of the holdings in each client account. TDA is compensated for its services by charging a fee in conjunction with each transaction it executes for our client accounts. As previously explained, those fees are charged directly to the client accounts in which transactions are effected.

As part of the process of selecting TDA as the custodian for our client accounts, we endeavored to select a brokerage firm that would provide us and our clients with the best overall service at the lowest cost. This process included an evaluation of TDA's professional services, its transaction charges, the quality of its execution services, the responsiveness of its support services, its reputation, and its experience and financial stability. While the services offered by TDA could possibly be obtained at a lower price from another firm, we believe that TDA's charges combined with the overall quality of those services provide an overall benefit to clients.

TDA provides us with a variety of services such as research services, operational software, and institutional trading support to assist us in serving our clients. Please see Section 14-Other Compensation, for more information regarding these services.

Soft Dollar Compensation

Securities brokerage firms that execute transactions for investment advisers may use a portion of the compensation they receive from executing transactions for the accounts of clients of the investment adviser to pay certain expenses, such as the cost of independent research, on behalf of the investment adviser. Such payments are referred to as "soft dollar" compensation. We do not have any arrangements with TDA or any other brokerage firms under which we receive soft dollar compensation.

Brokerage for Client Referrals

We do not direct the execution of transactions for client accounts to securities brokerage firms in exchange for client referrals from those firms.

Directed Brokerage

While our practice is to direct the execution of all transactions for the accounts of our clients to TDA, on a case-by-case basis, a client may request that we direct the execution of transactions for his/her accounts to a securities brokerage firm of his/her choice. We are under no obligation to do so. If we direct the execution of a client's transactions to a brokerage firm selected by the client, it is the client's duty to negotiate transaction charges. The client may not be able to negotiate the most competitive rate for these charges and, as a result, may pay more than the rate available to us through TDA. The client also may not be able to participate in aggregated trades with other clients (referred to as "block" trades), which often result in reduced transaction costs.

Trade Aggregation

While investment portfolios are managed individually for each client, in certain instances we may execute block trades for multiple clients at the same time. When we execute a block trade, each client receives the same execution price and in many instances may be charged a lower transaction charge than would be charged if the client's transaction were executed individually. No client account within a block trade will be favored over any other account. We will not execute a transaction for a client with other client orders if we believe that doing so would cause the client's cost of execution to be increased or would otherwise adversely affect the client.

We may permit our officers and/or our IARs to effect transactions for their personal accounts as part of a block trade with client transactions. The transactions for our officers and/or IARs will be executed on the same terms and at the same prices as transactions for clients. If we believe that including transactions for an officer or IAR in a block trade will adversely affect clients in some way, we will not permit the transactions for the officer or IAR to be included in the block trade.

Review of Accounts - Item 13

Portfolio Management Account Reviews

On a daily basis we monitor the individual transactions effected in the investment portfolios of clients who use our portfolio management services. The performance of those portfolios is reviewed, at a minimum, on a quarterly basis. Transaction and portfolios reviews are conducted by Scott Johnson, our Chief Compliance Officer, and Ryan Borer, our Managing Member. We strive to meet in person with our portfolio management clients on a semi-annual basis to review their accounts but are available at any time during normal business hours to discuss their accounts.

Because a financial plan is effectively a snapshot in time, no ongoing reviews are generally

conducted unless doing so is part of the engagement we entered into with the client. We nonetheless recommend that financial planning clients update their financial plans on an annual basis.

Other Compensation - Item 14

As described above, we receive certain economic benefits through our use of TDA as the custodian for our client accounts. Those benefits, which are typically not available to TDA's retail customers, 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;
- access to block trading;
- the ability to deduct portfolio management fees 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 by third-party vendors.

These benefits are routinely provided to investment advisers by their custodians.

Some of the products and services made available by TDA may benefit Afferent but may not directly benefit clients. They may, however, assist Afferent in managing and administering client accounts, including accounts not maintained at TDA. Other services made available by TDA are intended to help Afferent manage and further develop its business enterprise.

The products and services received by Afferent from TDA are not dependent on the volume of brokerage transactions directed to TDA. While the receipt of economic benefits by Afferent creates a potential conflict of interest and could indirectly influence Afferent's choice of TDA as the custodian for its client accounts, we endeavor at all times to consider the best interests of our clients and to put those interests ahead of our own.

Custody - Item 15

Afferent is deemed to have custody of client funds solely because of the authority granted to us by clients to deduct our portfolio management fees directly from their accounts.

Each client will receive account statements at least quarterly from TDA (or the brokerage firm the client has selected to serve as the custodian for his/her account). We strongly urge each client to review those statements and to compare them against statements we may send to confirm that our statements are accurate. (Minor variations may exist because of reporting dates, accrual methods of interest and dividends, and other factors). The statements from TDA (or the client's brokerage firm) are the official record of the client's account for tax purposes.

Investment Discretion - Item 16

As described above, we provide portfolio management services to our advisory clients on both a discretionary and non-discretionary basis. We may only manage a client's portfolio on a discretionary basis if the client has granted that authority to us in the client advisory agreement the client signs. The discretionary authority a client extends to us permits us to buy and sell investments in the client's account without discussing those transactions with the client first. Our discretionary authority is limited to selecting the investments to be bought or sold, the dollar amount of those transactions, and when those transactions will occur. Other than withdrawing our advisory fees, we do not have the authority to transfer funds or investments into or out of client account.

As previously noted, clients may impose limits on the extent of the discretionary authority we are granted. For example, a client may limit us to only purchasing certain types of investments or may limit the dollar amount of individual transactions. Should a client wish to limit our discretionary authority in some way, the client must do so in writing.

We also provide portfolio management services on a non-discretionary basis, meaning that we may only purchase or sell securities in a client's account which have been specifically approved by the client in advance.

Voting Client Securities - Item 17

As a matter of policy, Afferent does not vote proxies on behalf of its clients. Clients will receive proxy materials directly from TDA (or the brokerage firm selected by the client) and can choose to vote proxies as they see fit.

Financial Information - Item 18

We are required to provide clients with information regarding our financial condition if we require clients to pre-pay portfolio management fees in an amount over \$1,200 six or more months in advance, if we have a financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, or if we have been the subject of a bankruptcy proceeding.

We do not require the pre-payment of portfolio management fees, we have no financial commitments that could impair our ability to meet contractual and fiduciary commitments to our clients, and we have not been the subject of any bankruptcy proceedings.

Requirements of State-Registered Advisers – Item 19

This section is not applicable. Our firm is SEC registered.

Miscellaneous

Class Action Lawsuits

From time to time, investments held in the accounts of clients may be the subject of class action lawsuits. Afferent has no obligation to determine if investments held by our clients are subject to a pending or resolved class action lawsuit. Similarly, we have no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a class action settlement or verdict. Furthermore, we have no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose investments are held in client accounts.

Where we receive written or electronic notice of a class action lawsuit, settlement, or verdict affecting investments owned by a client, we will forward all notices, proof of claim forms, and other materials, to the client.

Trade Error Correction Procedures

On rare occasions, an error may occur in a client account (for example, a security may be erroneously purchased for the account instead of sold). In these situations, we seek to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken (for example, canceling the trade or adjusting an execution price). Any gains or losses resulting from the correction of an error will be placed in our error correction account.

Confidentiality

Afferent views protecting its clients' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, we have instituted policies and procedures to ensure that client information is kept private and secure.

Afferent does not disclose any non-public personal information about its clients or former clients to any non-affiliated third-parties, except as permitted by law or when necessary to provide services to our clients.

We restrict internal access to non-public personal information about our clients to those employees who need to know that information in order to provide products or services to our clients. We maintain physical and procedural safeguards that comply with state and federal standards to guard each client's non-public personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be our policy never to sell information about current or former clients or their accounts to anyone. It is also our policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of our written privacy policy is provided to each client in conjunction with establishing

an advisory relationship with us. Thereafter, we will deliver a copy of the current privacy policy to our clients on an annual basis.

Questions about our privacy policy can be directed to Scott Johnson, Chief Compliance Officer, at (866) 254- 4235.