

A.G. Morgan Financial Advisors, LLC.

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BROCHURE

March 23, 2021

This brochure provides information about the qualifications and business practices of A.G. Morgan Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (516) 798-1100 or email us at clientservice@agmorgan.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about [A.G. Morgan Financial Advisors, LLC](http://www.adviserinfo.sec.gov) is available on the SEC’s website at www.adviserinfo.sec.gov.

2. Material Changes

This amendment to A.G. Morgan Financial Advisors, LLC's ADV 2A Disclosure Brochure is the latest update since our last Brochure dated March 31, 2020.

- Language added to disclose two additional financial industry affiliations. See - "Other Financial Industry Activities and Affiliations".
- Language added to disclose the conflict of interest and compensation of two additional financial industry affiliations. See - "Other Compensation"
- Additional disclosures of investment risk added.

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4.: Advisory Business

A. General Description of Advisory Firm

A.G. Morgan Financial Advisors, LLC (“A.G. Morgan”) provides financial planning and discretionary and non-discretionary investment advisory services to individuals, corporations, pension and profit plans, trusts, charitable organizations, and other business entities in accordance with the investment objective(s) of the client(s). Clients may restrict or prohibit purchases of certain securities or certain types of securities for their accounts. A.G. Morgan was organized and registered as an investment adviser in 2015, but its predecessor business has been active for approximately 20 years.

B. A.G. Morgan offers the following services:

- **Comprehensive Personal Financial Planning.** A.G. Morgan works with clients to define financial goals and priorities, develop financial strategies and prepare written plans that address investments, education funding, retirement planning, cash flow management, insurance, employee benefits, and estate planning. A.G. Morgan helps clients implement their plans and then monitors them, reviewing plans periodically as conditions and life events warrant. In certain circumstances, A.G. Morgan provides personal financial counseling for a “per engagement” flat fee and/or an annual flat fee or at hourly rates and a written plan may or may not be generated.
- **Retirement Plan Consulting.** A.G. Morgan assists clients with determining suitable investments for the investment alternatives available in their retirement plan. A.G. Morgan reviews plan goals and investment offerings periodically as conditions and life events warrant and facilitate communication between the client and plan administrator and record keeper. A.G. Morgan provides plan sponsors assistance in designing, selecting, establishing, and maintaining a qualified retirement plan for a “per engagement” flat fee and/or an annual flat fee or at hourly rates and a written plan may or may not be generated.
- **Investment Review & Analysis.** First, A.G. Morgan consults with clients to obtain their risk tolerance profiles, investment time horizons and investment goals. Next, A.G. Morgan reviews clients’ portfolios for inefficiencies in the areas of expenses, taxes, asset allocation, liquidity, and overall investment strategies. Once identified, A.G. Morgan optimizes the liabilities of the clients’ portfolios as they relate to expenses and taxes. Finally, A.G. Morgan creates investment strategies that are in line with clients’ goals and risk tolerance. In certain cases, A.G. Morgan retains the right to engage one or more service providers on behalf of clients to help implement their investment strategies. In certain circumstances, A.G. Morgan provides investment counseling and management for a “per engagement” flat fee and/or an annual flat fee, at hourly rates, a percentage of assets or a combination of hourly rates and a percentage of assets.
- **Variable Annuity and Variable Life Insurance Consulting.** A.G. Morgan assists clients with determining suitable investment alternatives for the investment options available in variable annuity and/or variable life insurance policies. A.G. Morgan reviews goals and investment offerings periodically as conditions warrant and provides advice regarding investment options upon request to clients. A.G. Morgan provides variable insurance and annuity counseling for a “per engagement” flat fee and/or an

annual flat fee, at hourly rates, a percentage of assets or a combination of hourly rates and a percentage of assets.

- **Insurance Consulting.** A.G. Morgan helps clients choose life insurance policies, evaluate key features and terms of policies, as necessary, and determine the appropriate amount of coverage at the time of issue. A.G. Morgan determines the financial strengths of the insurer and explains the terms of the policies, including how the terms may affect clients. A.G. Morgan reviews a client's goals and other financial circumstances to select a policy that fits within the client's goals and plans. A.G. Morgan provides insurance counseling for a per engagement flat fee and/or annual flat fee or at hourly rates.
- **Estate Planning.** A.G. Morgan works with clients to understand how they want to provide for others. A.G. Morgan discusses transferring assets to intended beneficiaries, reducing administration costs, reducing taxes, protecting an estate from mismanagement and protecting assets from creditors and other claims. Once A.G. Morgan understands the goals of its clients, A.G. Morgan designs a comprehensive estate plan tailored to meet clients' objectives.
- **Review of Asset Protection Plans.** A.G. Morgan reviews clients' risk management systems. A.G. Morgan analyzes clients' health, life and disability insurance policies. A. G. Morgan looks for inefficiencies in premium outlays, insurance definitions, coverage limits, etc. Once identified, A.G. Morgan creates an asset protection plan for clients that fits their needs in terms of age, income, health, and long-term financial goals.
- **Review of College Saving Plans.** First, A.G. Morgan gathers information about clients' families regarding who is intended to attend college (personal, children, etc.), who in the family wishes to aid in funding the savings (parents, siblings, grandparents, in-laws, etc.), and to what extent they wish to fund the education. Next, A.G. Morgan reviews tax and income information to determine how much money can be given to the college savings plan. Then, A.G. Morgan determines the appropriate investment vehicles to use based on the amount of control and liquidity the major contributors wish to have over the funds invested. Using all these factors, A.G. Morgan creates college savings plans to fit the clients' goals. A.G. Morgan provides college education counseling for a "per engagement" flat fee and/or an annual flat fee or at hourly rates.
- **Comprehensive Reporting Service.** This service is provided to clients who seek quarterly comprehensive reports of all their investment accounts, including, among others, managed accounts, brokerage accounts, retirement plans, variable annuities, etc.
- **Review and/or revise, or creation of, but not limited to Wills, Living Wills, Power of Attorney, Health Care Proxies, and Trusts.** A.G. Morgan gathers existing documents for review and/or information to create a new or revised document for a "per engagement" flat fee and/or an annual flat fee or at hourly rates.
- **Medicaid Consulting Service.** This service is provided to clients who seek assistance in the Medicaid application process and acquisition of Medicaid services. A.G. Morgan provides Medicaid Consulting Services for a "per engagement" flat fee and/or an annual flat fee or at hourly rates.

A.G. Morgan Financial Advisors Wrap Fee Program

A.G. Morgan sponsors a wrap fee program, and offers both wrap and non-wrap portfolio management programs.

A.G. Morgan offers a managed account wrap fee program provided to clients. A brochure for the program is delivered to clients participating in each program and may be obtained by contacting A.G. Morgan at the address

or phone number contained on the cover page of this brochure.

C. Investment Strategies

A.G. Morgan does not currently employ overlay managers for the management of its models, but reserves the right to do so in the future. Its key decision points on the positions selected are based on several criteria, including performance, manager tenure, tax efficiency, risk and up and down-market capture. Asset allocation decisions, investment selection, buy/sell disciplines, performance and screening methodology are reviewed in entirety at the beginning of each quarter. Decisions are made to determine the macro investment philosophy for the allocation models and risk tolerances that correspond to the allocation market benchmarks, as well as make any required strategic or tactical changes. Mutual fund, ETF or individual equity positions that fail to meet A.G. Morgan's screening process are removed and replaced. Additionally, mutual fund positions that show an increase in standard deviation and beta are further examined to ensure that the holdings are consistent with the mutual fund's prospectus.

A.G. Morgan has developed five model portfolios that it manages on a discretionary basis which include:

- Blended Portfolio
- Growth Portfolio
- Income Portfolio

Blended Portfolio is constructed as a mix of growth and income producing holdings.

Growth Portfolio is a diversified portfolio of stocks that has capital appreciation as the primary goal.

Income Portfolio is focused on income producing securities; such as preferred stocks.

Asset classes that can be used in the models are domestic and foreign equities in all market cap disciplines including sovereign, corporate and high yield debt of both domestic and foreign issuers. A.G. Morgan also employs alternative asset classes that could include specific sectors, real estate, natural resources, and hedged positions.

Within these portfolios, A.G. Morgan trades/adjusts client accounts based on the economic environment, market movements, interest rates and business forecast. A.G. Morgan reserves the right to sit heavily in cash, depending on market conditions and economic forecast.

D. FUNDS

Private Offerings

A.G. Morgan offers a variety of single strategy, multi- strategy and direct investment private funds sponsored by A.G.M. The firm provides discretionary advice covering many investment strategies based on specific investment approaches such as private equity, commercial credit, real estate, equity long/ short, macro strategies and event-driven strategies). A.G. Morgan also recommends proprietary private investments to clients, where the fund's officers and/or the investment advisor access persons and family members of A.G. Morgan have ownership interest, in the underlying investments. Further the proprietary funds that may be recommended where the associated persons have ownership interests, are not presented in the fiduciary capacity. This presents a conflict where the advisor or affiliate is not acting in a fiduciary capacity, but as an officer or affiliate of the fund. Newer investor funds are reallocated to generate interest payments for the proprietary fund. The proprietary private offering has a limited history and may not be able to effectively allocate resources, meet expected financial conditions, or execute the business plan as intended.

Managers have limited resources, and incurring such debt could be subject to many risks. Further explanation of risks can be found under the *Method of Analysis and Risk of Loss below*. Clients should read the entire offering memorandum to fully understand the conflicts and liquidity risks prior to investing.

A.G. Morgan's private offerings are provided only to eligible investors pursuant to the exemptions available under the Investment Company Act of 1940, and the regulations thereunder. Such investment vehicles are not registered with the Securities Exchange Commission (the "SEC") as an investment company based on specific exclusions from the Investment Company Act of 1940 ("ICA"). Interests in these investment vehicles are offered to high-net-worth individuals or individuals who may have the expertise or knowledge to participate alongside other investors.

Other Assets

With respect to that portion of a client's account that is not invested in accordance with the above models, A.G. Morgan manages those assets in accordance with the client's risk tolerance and financial goals.

E. Affiliate Relationship

A.G. Morgan Financial Advisors, LLC has a non-affiliated relationship with IBN Financial Services ("IBN").

As of December 31, 2020, A.G. Morgan manages approximately \$49,742,270 million in assets on a discretionary basis and \$97,840,726 million in assets on a non-discretionary basis.

5. Fees and Compensation

Investment adviser representatives of A.G. Morgan who are also registered representatives of Independent Broker Network Financial Services, Inc. or IBN Financial Services, Inc. ("IBN"), an unaffiliated registered broker-dealer, receives commissions on sales of annuity, variable products, direct held mutual funds and fund products in their individual capacities as registered representatives of IBN. These commissions are from the sale of the brokerage, variable products and are separate from A.G. Morgan's advisory fee that may be charged for the ongoing portfolio allocation strategies and oversight. This practice presents a conflict of interest and gives the A.G. Morgan/IBN representative an incentive to recommend investment products based on the compensation they receive rather than the client's needs.

A.G. Morgan may charge clients a fixed, hourly or asset-based fee for financial planning and/or retirement planning services. The hourly rates, which are negotiable, range from \$150 to \$500 per hour and the fixed fee, which is negotiable, typically ranges from \$500 to \$50,000. The asset-based fee has a maximum cap of 3.50%.

A.G. Morgan provides instructions to TD Ameritrade, Inc to deducts fees from the client's assets and forwards the fees to IBN Financial Services. IBN then remits a portion of those fees to A.G. Morgan. Fees may be payable either monthly or quarterly, in advance, applied to the account value as of the last business day of the immediately preceding calendar month or quarter. With respect to mutual funds and ETFs held in a client's account, fees payable to A.G. Morgan are in addition to expenses and advisory fees borne by these holdings including, if applicable, redemption fees, sales charges and transaction fees. A.G. Morgan's fee may be avoided by the client investing directly in such holdings. Clients will incur custody, brokerage and other transaction costs. For more information on A.G. Morgan's brokerage practices, see "Brokerage Practices" below.

Other Compensation

At times, A.G. Morgan invests in mutual fund share classes that pay 12b-1 fees to investment adviser representatives who are also registered with a broker-dealer. A description of the 12b-1 fees is available in the mutual fund prospectuses. Investing in mutual fund share classes with 12b-1 fees presents a conflict of interest and results in the

client paying higher fees than investing in mutual fund share classes that do not carry 12b-1 fees. Payment of 12b-1 fees gives the investment adviser representatives of A.G. Morgan an incentive to recommend investment products based on the compensation they receive rather than the client's needs.

A.G. Morgan may invest in Private Placements offered through AGM Capital Fund I, LLC, AGM Capital Fund II, LLC, OMNI Diversified fund, LLC Omni Diversified Fund III, LLC, Windsor Capital Fund, LLC, Windsor Capital Fund II, LLC and Wilshire Capital Fund, LLC. This practice presents a conflict of interest and gives the A.G. Morgan representative an incentive to recommend investment products based on the compensation they receive rather than the client's needs. Depending upon the terms of the Private Placement Memorandum, the compensation that A.G. Morgan investment adviser representatives receives from the sale of the Private Placement ranges from 6% to 9% of the principal invested annually. Compensation- related conflicts exists for fund related advice where advisor and/or related parties owns a percentage of the underlying fund investments.

A.G. Morgan may receive discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support and/or other products used by A.G. Morgan in furtherance of its investment advisory business from certain distributors and/or wholesalers. These arrangements may present a conflict of interest for A.G. Morgan since it has an economic incentive to do business with these distributors or wholesalers. However, since A.G. Morgan's advisory services are provided in accordance with its screening process in choosing investments for its models, these distributors or wholesalers are not favored over other distributors, wholesalers or product sponsors.

6. Performance-Based Fees and Side-by-Side Management

When a portfolio manager is responsible for a number of accounts, conflicts of interest may appear that causes them to favor one account or fund above another, often with the goal of enhancing performance or gaining higher fees for the same trade.

A.G. Morgan does not charge performance-based fees.

7. Types of Clients

A.G. Morgan provides financial planning and investment advisory services to individuals, corporations, pension and profit plans, trusts, charitable organizations, and other business entities.

A.G. Morgan requires a minimum account size of \$25,000.00, which may be waived at the discretion of the company.

8. Methods of Analysis, and Risk of Loss

A.G. Morgan Strategic Asset Allocation Models are combined views of long-term approach with tactical assessment to provide diversified asset allocation strategy. For details, please review *4.C Investment Strategies*. The models are monitored and rebalanced as needed to reflect changes in market conditions and economic outlook.

Material Risks

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

The material risks involved in investing include:

Allocation Risks- There is a risk that the changes in the targeted assets and sector allocations cause a model to underperform compared to other similar models or have the potential to cause clients to lose investments, and the model may not achieve its target.

Commodities Investment Risks- Investment in commodities are subject to greater volatility than investments in traditional securities, such as stocks and bonds. Commodities are subject to risk, including, but not limited to climate conditions, war, regulatory changes, political conflicts, embargos, tariffs, disease or other natural disasters.

Concentrated Investment Risks- Investments in a concentrated vehicle will be greatly affected by the fluctuations in the underlying security or market fluctuations. The implication of concentration risk is that it generates such a significant loss that recovery is unlikely.

Credit Risk- It is possible that some issuers of certain securities will not make payments on debt securities and derivatives held by the Fund, or there could be defaults on repurchase agreements held by the Fund. An issuer may suffer adverse changes in its financial condition that could lower the credit quality of a security, leading to greater volatility in the price of the security. A change in the credit quality rating of a security can affect its liquidity and make it more difficult to sell the fund. Any applicable limitation on the credit quality of a security in which the fund may invest is applied at the time the Fund purchases the security.

Credit quality is a measure of the issuer's expected ability to make all required interest and principal payments in a timely manner. An issuer with the highest credit rating has a very strong capacity with respect to making all payments. An issuer with the second-highest credit rating has a strong capacity to make all payments, but the degree of safety is somewhat less. An issuer with the lowest credit quality rating may be in default or have extremely poor prospects of making timely payment of interest and principal. There is always a risk of default, or, if unrated, can have detrimental financial implications for the investor.

Cybersecurity Risks- Increasing use of technology to conduct business, technology is susceptible to breach. A.G. Morgan makes every attempt to be preventative, detect and mitigate such risks, its not possible to identify and mitigate every event that may result in a disruption of business.

Debt obligations Risks- Debt securities are also generally subject to the risk that the issuer may be unable to make principal and interest payments when they are due. In addition, securities could lose value because of a loss of confidence in the ability of the borrower to pay back debt. Non-investment grade debt – also known as “high-yield bonds” or “junk bonds” – has a higher risk of default and tends to be less liquid than higher- rated securities.

Diversification Risk- Portfolios that invest in a relatively small number of investments are more susceptible to risk associated with greater market volatility and illiquidity, lower trade volume and unfavorable performance.

Dividend Payment Risks- An issuer of a security or funds may unwillingly or unable to pay income on a security.

Emerging Markets Risks- the economies of developing companies or developing countries may be dependent on relatively few industries that are highly vulnerable to local or global changes. These environments may be unstable with less developed legal or accounting systems. Securities maybe more difficult to sell at an acceptable price and maybe more volatile than securities in an established marketplace.

Equity Securities Risks- to the extent a client's account invests in equity investments (i.e., stocks), a particular stock, an industry or stocks in general may fall in value. Equity securities fluctuate from time to time based on internal financial conditions, market and economic conditions. The value of a client's account will go up and down with the prices of the securities in which the account invests. The prices of stocks change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, decreased demand for an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

Fixed Income Securities Risks – To the extent a client's account invests in fixed income securities (i.e., bonds), the investment is subject to call risk, which is the possibility that an issuer may redeem the security before maturity

(a call) at a price below its current market price. An increased likelihood of a call may reduce the security's price. If a fixed income security is called, an account may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risk, or other less favorable characteristics.

Certain fixed income securities, including mortgage-backed securities carry prepayment risks. Prices and yields of mortgage-backed securities assume that the underlying mortgages will be paid off according to a preset schedule. If the underlying mortgages are paid off early, for example when homeowners refinance as interest rates decline, an account may be forced to reinvest the proceeds in lower yielding, high-priced securities. This may reduce an account's total return.

Foreign Securities Risks – The risks may be enhanced depending on the market (e.g., whether the country is developed or developing). The risks of foreign investment include: less liquidity, enhanced volatility due to currency, social and political instability, restrictions on foreign investment and repatriation of capital, less complete and reliable information about foreign companies, reduced government supervision of some foreign securities markets, lower responsiveness of foreign management to shareholder concerns, economic issues or developments in foreign countries, and, in some cases, emerging markets risks, including limited trading volume, expropriation, devaluation or other adverse political or social developments.

Leverage Risks- The use of leverage in an investment can magnify relatively small market movements into relatively larger losses for the investment.

Liquidity Risks – Portfolios may not be able to sell its investments or not be able to sell at the desired price or without significant dilution to the remaining investors' interests. When assets are liquidated, there is a certain level of loss in asset value due to price volatility. Non-Publicly Traded REITS, Limited Partnerships or New Issues may have limited liquidity and may not be available for immediate liquidation. These types of investments are offered pursuant to offering memoranda.

Loan -Related Investment Risk- In addition to risks generally associated with debt investments, loan related investments, such as loan participations and assignments, are subject to other risks. Although a loan obligation may be fully collateralized at the time of acquisition, the collateral may decline in value, be or become illiquid or less liquid, or lose all or substantially all of its value subsequent to investment. Many loan investments are subject to legal or contractual restrictions on resale and may be or become illiquid or less liquid and difficult to value. The market for loan obligations may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Because transactions in many loans are subject to extended trade settlement periods, a Fund may not receive the proceeds from the sale of a loan for a period after the sale. As a result, sale proceeds related to the sale of loans may not be available to make additional investments or to meet a Fund's redemption obligations for a period after the sale of the loans, which may cause a Fund to sell other investments or engage in borrowing transactions to raise cash to meet its obligations. With respect to loan participations, a Fund may not always have direct recourse against a borrower if the borrower fails to pay scheduled principal and/or interest; may be subject to greater delays, expenses and risks than if the Fund had purchased a direct obligation of the borrower; and may be regarded as the creditor of the agent lender (rather than the borrower), subjecting the Fund to the creditworthiness of that lender as well and the ability of the lender to enforce appropriate credit remedies against the borrower. Investors in loans, such as a Fund, may not be entitled to rely on the anti-fraud protections of the federal securities laws, although they may be entitled to contractual remedies. However, a Fund's risk with respect to an investment is increased to the extent that the agreement does not provide for such remedies or contain other protective covenants.

Market Risk – All securities are subject to market risk. The values of the securities held by a client may fall rapidly or unpredictably due to a variety of factors, including changing issuer, political, economic, regulatory, social or market developments can affect a single issuer, issuers within an industry or economic sector or geographic region, natural disasters or the market as a whole. In the short term, a portfolio's investments can fluctuate dramatically in response to these developments. Different parts of the market and different types of securities can react differently to these developments. Even when markets perform well, there is no assurance that investments will increase in value along with the broader market or maintain their value. In addition, market risk includes the risk that geopolitical or other events will disrupt the economy on a regional, national or global level. Events such as

war, acts of terrorism, regional conflicts, market manipulation, government defaults, government shutdowns, natural/environmental disasters, social unrest, the spread of infectious illness or other public health threats could also significantly impact investments, including in ways that cannot be foreseen. Investments could be negatively impacted if the values were harmed by such political or economic events. Any market disruptions could also inhibit executing advantageous investment decisions in a timely manner.

As an example, the outbreak of COVID-19, a novel coronavirus disease, has negatively affected economies, markets and individual companies throughout the world. The effects of this pandemic to public health and business and market conditions, including exchange trading suspensions and closures may continue to have a significant negative impact on the performance and pricing mechanisms of the investments and those of the funds. Volatility, impact arbitrage and pricing mechanisms for certain investments, exacerbate preexisting political, social and economic risks to the managed accounts and to the funds, and negatively impact broad segments of businesses and populations. Real-estate, food services companies all face the impact of the global pandemic as consumer discretionary spending was at a low. The Adviser's operations may be interrupted as a result, which may contribute to the negative impact on investment performance, ability to pay out interest payments or constraints on liquidating investments in a timely fashion. In addition, governments, their regulatory agencies, or self-regulatory organizations may take actions in response to the pandemic that affect the instruments in which A.G. Morgan invests, or the issuers of such instruments, in ways that could have a significant negative impact on such account or fund's investment performance. The severity and full impact of the Covid-19 virus is still unknown.

Mutual Fund/ETF Risk – As a shareholder of mutual funds or ETFs, clients bear their proportionate share of the underlying fund's fees and expenses. Thus, a client's cost of investing will be higher than the cost of investing directly in the underlying funds and could be higher than investment strategies that invest directly in stocks. In addition, a client's investments in mutual funds or ETFs are subject to the particular risks described in the mutual funds/ETFs' prospectuses, copies of which are provided to the client and which A.G. Morgan urges the client to read.

Private Offerings Risks- Private placement investments including, but not limited to, investments in managers, secondary transactions and co-investments are speculative, highly illiquid, involve a high degree of financial risk and have high fees and expenses that could reduce returns, or substantial losses. They are intended for investors who can accept such risks. Furthermore, restrictions on transferring interests in private placement investments may exist so potential investors should be prepared to retain the investments until such time the investment liquidates.

Investors or prospective investors should not subscribe unless they can readily bear the consequences of loss of principal due to financial conditions of the tenants, underlying business, changes in environmental, zoning costs, conditions applied to mining, loss of equipment, major national calamities or emergencies. Clients should read the entire offering memorandum to fully understand these liquidity risks prior to investing.

Proprietary Product Risks- Proprietary products are investment vehicles issued by the same financial institution that is advising the client. The investment advisor is both the seller and manufacturer of the fund; thus, the advisor is not acting in a fiduciary capacity. This presents a large conflict of interest to the advisor and the firm. The financial advisory firm stands to collect management fees and other fees associated with the proprietary product. The company may even be motivated to steer more assets into those products and funds. Advisor could lack the cash flow to make distributions from the product. Proprietary products may be limit investor options by building out investor assets with one firm. By restricting diversification, investor portfolio will be less equipped to mitigate risk. Some proprietary investments are not portable, and investors could be required to unsubscribe at the end of the proprietary contract terms and not in the open market. This could result in a capital gain/loss, as well as transaction fees or other expenses. The associated costs and tax implications could make it cost-prohibitive and thus limiting investor options.

Real estate Risk- Investing in certain real estate can have investment risk. The portfolio may invest in securities of real estate companies and companies related to the real estate industry, which are subject to the same risks as direct investments in real estate. These risks include, among others, changes in national, state or local real estate conditions; undesirability of properties; changes in the availability, cost and terms of mortgage funds; and changes

in the real estate values and interest rates. Real estate companies tend to have micro-, small- or mid-capitalization, making their securities more volatile and less liquid than those of companies with larger-capitalizations.

Redemption Risk- A client portfolio may experience a redemption(s) resulting in large outflows of cash from time to time. This activity could have adverse effects on performance if the advisor were required to sell securities at times when it otherwise would not do so. This activity could also accelerate the realization of capital gains/losses and increase transaction costs.

Risk of Loss- Investment in securities involves substantial risk and has the potential for partial or complete loss of assets invested. Clients should be prepared to bear this risk. Our security analysis methods rely on the assumption that the data for the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities is accurate and unbiased.

Short Sale Risks – Positions in shorted securities are speculative and more risky than long positions (purchases) in securities because the maximum sustainable loss on a security purchased is limited to the amount paid for the security plus the transaction costs, whereas there is no maximum attainable price of the shorted security. Therefore, in theory, securities sold short have unlimited risk. Short selling will also result in higher transaction costs (such as interest and dividends), and may result in higher taxes, which reduce an account's return.

Temporary Defensive Position Risk- A portfolio may temporarily depart from its principal investment strategies for temporary defensive purposes in response to adverse market, economic or political conditions. This may result in a portfolio not achieving its investment objective during that period. If the market advances during periods when a portfolio is holding a large cash position, the portfolio may not participate to the extent it would have if it had been more fully invested.

9. Disciplinary Information

There are no legal or disciplinary events against A.G. Morgan or any of its management personnel that are material to a client's or prospective client's evaluation of, the integrity of AGM or its management persons.

10. Other Financial Industry Activities and Affiliations

Employees and/or investment adviser representatives of A.G. Morgan, in their individual capacities, are registered representatives of an unaffiliated registered broker-dealer, IBN Financial Services, Inc. ("IBN"). Thus, they are licensed to effect securities brokerage transactions on a fully disclosed commission basis and may receive initial and/or annual commissions on sales of certain annuities. The fees that these individuals may receive for providing brokerage services are separate and apart from any fees that A.G. Morgan may receive for the financial planning and investment advisory services it provides, which are discussed in "Fees and Compensation" above.

Employees and/or investment adviser representatives of A.G. Morgan, in their individual capacities, are licensed insurance agents, and are licensed to sell a wide range of insurance products. The fees that these individuals may receive compensation for providing insurance services are separate and apart from any fees that A.G. Morgan may receive for the investment services it provides, which are discussed in "Fees and Compensation" above.

Employees and/or investment adviser representatives of A.G. Morgan, in their individual capacities, are affiliated with AGM Capital Fund I, LLC, AGM Capital Fund Manager, LLC, AGM Capital Fund II, LLC, and AGM Capital Fund II Manager, LLC, Omni Diversified Fund, LLC, and Omni Diversified Fund Manager, LLC, OMNI Diversified Fund II, LLC and OMNI Diversified Fund II Manager, Windsor Capital Fund LLC and Windsor Capital Fund Manager, LLC, Windsor Capital fund III, LLC and Windsor Capital fund III Manager, LLC, and Wilshire Capital Funds. Mr. Camarda and Mr. McArthur serve as the owners and operators of the above-stated companies. This presents a conflict of interest and gives A.G. Morgan's representatives an incentive to recommend investment products based on the compensation they receive rather than the client's needs. Depending upon the

terms of the Private Placement Memorandum, the compensation that the A.G. Morgan investment advisor representatives receives from the sale of a Private Placement ranges from 6% to 9% of the principal invested annually.

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

A.G. Morgan has a fiduciary responsibility to its clients, and accordingly has adopted a code of ethics which sets forth certain standards of business conduct that govern the personal investment activities of the firm's employees and officers, including the standard that the interests of advisory clients must be placed first at all times. The code of ethics requires access persons to report their personal securities transactions on a quarterly basis and their securities holdings upon commencement of employment (or upon becoming an access person) and annually thereafter. Access persons also must obtain prior approval before they acquire any ownership interest in any security in an initial public offering or limited offering.

The firm's officers and employees may invest in securities that are recommended for purchase or sale by clients. The firm's officers and employees face a conflict of interest when they buy or sell securities at or about the same time that A.G. Morgan buys or sells the same securities for client accounts or recommends that clients buy or sell the same securities, because the firm's officers or employees could take advantage of the information regarding the client transactions and execute their trades prior to the clients (commonly called "front running"). However, A.G. Morgan's code of ethics only allows access persons to buy or sell a security after the blackout period is satisfied. This prevents employees from personally benefitting from client trades or trade ahead of the clients. Compliance with the code of ethics is a condition of employment. The code of ethics requires all employees and officers to comply with applicable securities laws and to promptly report any violation of the code. Clients may obtain a copy of the firm's code of ethics from A.G. Morgan upon request.

12. Brokerage Practices

By agreement and instruction from the client, A.G. Morgan places transactions through TD Ameritrade, Inc. This is often called a directed brokerage arrangement. Not all investment advisers require their clients to direct brokerage to a particular firm. By directing brokerage to TD Ameritrade, Inc, A.G. Morgan may be unable to obtain favorable execution of client transactions, and thus costing clients more money.

A.G. Morgan may receive from with or without cost (and/or at a discount) support services and/or products, certain of which assist A.G. Morgan to better monitor and service client accounts. Certain investment adviser representatives of A.G. Morgan are also registered representatives of IBN Financial Services, Inc.

IBN disburses a portion of the trails and commissions for all representatives of A.G. Morgan who are registered with IBN as registered representatives. Other services or products may not directly provide client account assistance, but rather may assist the firm to manage and further develop its business enterprise. A.G. Morgan may use these services and other support in servicing any or all of its clients to different degrees and levels. A.G. Morgan receives benefit from certain vendors or affiliates that may support back office and recordkeeping systems.

13. Review of Accounts

A.G. Morgan's principals and associates conduct periodic account reviews throughout the year for continued suitability and to assure that accounts contain the correct investment options based on need, risk tolerance, changes in status, or market activity. A.G. Morgan performs client reviews at least annually, which includes a rolling 12-month written performance report and portfolio appraisal. The investment adviser representative and/or Compliance Officer is responsible for ensuring that such reviews and contacts are made.

Clients should advise A.G. Morgan of any changes in their investment objectives, financial or life situation. All

clients, in person or via telephone, should review their financial planning issues, investment objectives and account performance with A.G. Morgan on an annual basis, as applicable.

Financial plans will be reviewed and updated at the clients' request or as required based on the signed agreement for services. Reviews that are not part of the overall plan implementation and on-going consulting services will be subject to A.G. Morgan's current hourly rate, or a fixed fee negotiated in advance with clients. The broker-dealer/custodian of the client accounts provides clients with statements on at least a quarterly basis and confirmation notices as transactions are executed.

14. Client Referrals and Other Compensation

A.G. Morgan enters agreements providing cash compensation to firms or persons who refer clients to A.G. Morgan. The terms of the agreements differ somewhat depending upon the circumstances, but generally provide for compensation equal to a specified percentage of the fees received by A.G. Morgan from the clients referred, or for fixed compensation, payable quarterly. A.G. Morgan's fees include the fees paid to the solicitor. The solicitor discloses these fees in the disclosure statement provided to clients so that the client does not pay fees higher than A.G. Morgan's normal/typical advisory fees.

15. Custody

A.G. Morgan is deemed to have custody of client assets for purposes of the Investment Advisers Act of 1940 when it deducts advisory fees from client accounts. Clients will receive at least quarterly account statements from the clients' custodian and A.G. Morgan urges clients to carefully review those statements.

16. Investment Discretion

A.G. Morgan accepts discretionary authority to manage securities accounts on behalf of clients pursuant to an investment advisory agreement in which the client appoints A.G. Morgan as its agent and attorney-in-fact with full investment power and authority on behalf of the client's account. Pursuant to this discretionary authority, A.G. Morgan normally will determine which securities to buy or sell for the account, and the total amount of the purchases and sales. Clients may place limitations on this authority, including restricting or prohibiting purchases of certain securities or types of securities. Clients may amend these limitations as required; such amendments must be submitted in writing.

17. Voting Client Securities

A.G. Morgan does not have authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact A.G. Morgan with questions about a solicitation; however, A.G. Morgan will not advise clients regarding how they should vote.

18. Financial Information

Registered investment advisers are required in this item to provide the client with certain financial information or disclosure about our financial condition. A.G. Morgan does not believe that there are any financial commitments that impairs its ability to meet its contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.