

**AMERICAN FINANCIAL MANAGEMENT, LTD.**

225 International Circle,  
Hunt Valley Maryland 21030  
[www.afm-invest.com](http://www.afm-invest.com)

**Item 1 – Cover Page**

September 13, 2022

This brochure provides information about the qualifications and business practices of American Financial Management, Ltd., (“AFM”). If you have any questions about the contents of this brochure, please contact us at (410) 563-1044. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

American Financial Management, Ltd. is a registered investment adviser with the SEC. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provides you with information about which you determine to hire or retain an adviser.

Additional information about American Financial Management, Ltd. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm’s CRD number is 111016.

## **Item 2 – Material Changes**

American Financial Management, Ltd is amending its Annual Updated Amendment dated April 21, 2022 to include material changes relating to American Financial Management, Ltd's that clients should be aware of since the last filing. The Other Than Annual filing contains the following material changes;

As of August 31, 2022, American Financial Management, Ltd. has new ownership, new contact information, and an additional investment adviser representative managing client accounts American Financial Management, Ltd. has been purchased by The Marshall Financial Group, LLC, an SEC registered investment adviser, headquartered in Maryland. The advisers of record will be updated to include Peter Marshall, CRD No. 4165191. (Item 4)

The firm has updated fees (Item 5)

The firm has updated Other Business Affiliations (Item 10)

The firm has updated Review of Accounts (Item 13)

The firm has updated Client Referrals to include the use of Promoters (Item 14)

The firm has disclosed custody (Item 15)

The firm is no longer required to submit financial information or disclosures (Item 18)

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#### **Item 4 – Advisory Business**

American Financial Management, Ltd. ("AFM") is an SEC Registered Investment Advisor. We provide Asset Allocation Risk Management Services on a discretionary basis. As of August 31, 2022, we are affiliated with The Marshall Financial Group LLC (CRD no. 146362) in that we share ownership, books and records, compliance, back-office functions, and management of supervised personnel. Peter Andrew Marshall (CRD no. 4165191) will be added as an investment advisor representative for AFM.

The firm's principal owner is The Marshall Financial Group, LLC.

Throughout this brochure, "we" "us" or "our" refers to American Financial Management, Ltd., and "you" or "your" refers to the client or proposed client.

Services consist of a mutual fund/variable annuity contract sub-account conversion management service using mutual fund/variable contract sub-accounts of the client's choice in consultation with the client's contact at AFM that may be an AFM investment advisory representative or a third -party solicitor to AFM.

American Financial Management, Ltd. provides management services concerning the exchange between mutual fund/variable annuity contract sub-accounts. Management techniques are similar in each of the strategies; however, at their basis, momentum, relative strength, and moving averages are the technical methods used to determine sub-account reallocation choices in all strategies. AFM neither recommends the mutual fund/variable contract group/company or the particular investments involved, nor the sale or redemption of any mutual fund/variable annuity contract shares/units, other than for conversion or advisory fee liquidation as authorized by the client.

The advisory client's personal or individual needs should be determined by the client in consultation with their investment advisory representative or third- party solicitor. Each Investment Advisory Agreement contains a confidential client profile, obtained by the investment adviser representative or third- party solicitor used for determining the goals, objectives, risk profile, and suitability with their client's strategy selection. When selecting the strategy, the client agrees to consider personal risk tolerance and financial goals in assessing AFM's Asset Allocation/Risk Management program and ability to sustain a loss.

Each client's account in the program is managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of their account. Clients can place or modify reasonable restrictions on the management of their account. AFM (Adviser) can be reached at 410-563-1044 or client can mail their requests to the Adviser (AFM) at: American Financial Management, Ltd., . 225 International Circle, Suite 102 Hunt Valley, MD 21030.

In addition, AFM will at least annually contact clients to see if there are any updates to their financial situation or investment objectives and to determine if the client wishes to impose a new restriction or modify an existing one.

AFM does not participate in wrap fee programs.

As indicated in our ADV Part 1 on file with the SEC, as of January 31, 2022, we manage approximately \$45,127,913 in client assets on a discretionary basis. All accounts are managed on a discretionary basis; AFM does not manage non-discretionary accounts.

## **Item 5 – Fees and Compensation**

All management fees and minimum account sizes are subject to negotiation. Client will not be charged over 2.50 % of Asset Under Management.

The specific manner in which management fees are charged is established in a client's written investment advisory agreement with American Financial Management, Ltd. Clients choose to be billed directly for management fees or to authorize AFM to directly deduct the management fees from their managed or other accounts. The payment frequency is annual, semi-annual or quarterly and is determined by the client.

The minimum account size is \$10,000 per registration.

\*There are no minimum dollar requirements for strategies utilized for a 401(k) platform.

In addition, clients may pay varying management fee amounts dependent upon the investment advisory representative or third-party solicitor with whom they have contracted at AFM. AFM Investment Advisory Agreements are renewable at the client's discretion.

### **Annual Management Fee Schedule:**

- A. shall be payable in advance upon execution of the investment advisory agreement
- B. based on the principal amount per contract invested
- C. for subsequent year, shall be based on the market value of the account 30 days prior to the client's management anniversary date.
- D. shall be payable for additional amounts invested, prorated for the remaining portion of the contractual year of deposit.

### **Semi-Annual Management Fee Schedule:**

- A. shall be payable in advance upon execution of the investment advisory agreement
- B. shall be based on the principal amount per contract invested due by each semi-annual anniversary date, and based on the market value of the account approximately 30 days prior to the semi-annual anniversary date of the client's investment advisory agreement
- C. shall be payable at .50% of the annual fee every six months, based on the market value of the account approximately 30 days prior to the semi-annual anniversary renewal date.

### **Quarterly Management Fee Schedule:**

- A. shall be payable in advance upon execution of the investment advisory agreement
- B. shall be based on the principal amount per contract invested and pro-rated to the end of the next quarterly billing cycle
- C. is payable at .25% of the annual fee at the beginning of each calendar quarter, based on the market value of the account approximately 30 days prior to the quarter ending.

**Refund Policy for Prepaid Fees:** If one exchange occurs, 50% of the fee above the first \$100.00 is refundable to the client. If two or more exchanges occur, 25% of the fee above the first \$100.00 is refundable to the client. If no exchanges occur, the pro-rata, unused or unearned portion of the annual fee over the first \$100.00 is refundable to the client. Investment Advisory Representatives notify AFM within 10 days of review of their

client(s) account statement of withdrawals made from any managed account(s). Refunds are processed when the amount is equal to \$25.00, the established minimum set forth by AFM. \* Does not apply to 401(k) managed strategies.

Upon termination of any managed account, any prepaid, unearned management fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Refunds are calculated on a pro-rata basis.

\*The first \$100.00 in fees is non-refundable.

American Financial Managements fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third- party investment and other third- parties such as fees charged by managers, custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Mutual funds and variable annuities can pay commissions to their investment advisers, and certain funds and variable annuities have other types of fees or charges, including 12b-1, administrative or shareholder servicing fees, early redemption or certain other fees.

Such charges, fees and commissions are exclusive of and in addition to AFM's management's fee, and American Financial Management shall not receive any portion of these commissions, fees, and costs.

**Risk Considerations:** The concept of exchanging investments between one mutual fund/variable annuity contract sub-account to another may result in profits and losses and AFM cannot guarantee the results or that the objectives of the Asset Allocation/Risk Management contract will be met. The client may have tax consequences inherent in each such exchange. Market volatility may affect or limit the ability of AFM to exchange between mutual funds/variable contract sub-accounts on a basis that is timely regarding price trends and, as with any investment, especially volatile ones, discretion may be exercised not to switch between mutual funds/variable annuity contract sub-accounts.

Foreign-based investments may include currency exchange rates as additional non-market- based considerations. Political stability of countries may also influence, limit or preclude the option to switch between investments. Client agrees to consider personal risk tolerance and financial goals in assessing this Asset Allocation/Risk Management program and ability to sustain a loss. Exchanges between mutual fund/variable annuity contract sub-accounts are not made based upon a client's personal or individual needs and the assessment should be made by the client in consultation with the client's investment advisor representative or third-party solicitor.

#### **Item 6 –Performance Based Fees and Side-by-Side Management**

American Financial Management does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

AFM provides asset management services to individuals, pension and profit-sharing plans, trusts, corporations and other business entities. Our minimum account size to establish management services is \$10,000.00. \*There are no minimum dollar requirements for strategies utilized for a 401(k) platform.

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

AFM's security analysis includes charting, fundamental, technical and cyclical methods. We respond to economic, market and geopolitical events through our sub-account technical allocation investment review system. This process identifies those sub-accounts that have the highest momentum and relative strength, tempered with a moving average. Investing in securities involves risk of loss that clients should be prepared to bear.

### **AFM's Strategies**

#### **Managed Income Strategy:**

100% Fixed Income, Bonds and/or Cash Equivalents

#### **Balanced Strategy:**

Minimum 50% Fixed Income, up to 50% Domestic and/or Global Equities

#### **Growth & Income Strategy:**

Minimum 30% Fixed Income, up to 70% Domestic and/or Global Equities

#### **Growth Strategy:**

100% Equities, 100% Domestic and/or Global Equities

#### **Moderate Aggressive Growth Strategy:**

100% Equities, 100% Large and/or Mid Size Domestic and/or Global Equities.

#### **Aggressive Growth Strategy:**

100% Equities, 100% Small and /or Mid size Domestic and/or Global Equities

Note: Our Moderate Aggressive Growth and Aggressive Growth Strategies consist of a higher percentage allocated in moderate and /or aggressive funds, increasing the potential for return as well as loss, longer time horizons are recommended for these particular strategies.

### **Item 9 – Disciplinary Information**

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

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

Principal Officer of AFM is also involved with the day-to-day management and operations of The Marshall Financial Group, LLC, a registered investment advisor. AFM is no longer under common ownership with the broker dealer American Financial Services, Inc, a registered broker dealer and FINRA member.

Moreover, Peter Marshall is also a registered investment adviser with The Marshall Financial Group, LLC. It is anticipated that the operations of The Marshall Financial Group may consume up to 90% of his time. In addition, Mr. Marshall is a registered representative of Purshe Kaplan Sterling (PKS), which is a broker dealer. As a registered representative, he can receive commissions for executing some trades for clients at PKS, and for mutual fund investments, they may receive trailing commissions. Trailing commissions are fees the mutual fund pays to the registered representative each year that you own that mutual fund. In these

situations, a conflict of interest exists between your interests because we have an incentive to recommend investment products based on the compensation Advisor Representatives receive rather than your needs. Mr. Marshall is also licensed insurance agent, through affiliated companies.

The Marshall Financial Group, LLC will facilitate the back offices and record keeping of AFM, as these resources are better served as being combined. Separate books and records will be kept for both firms, as required. The Marshall Financial Group has entered into a consulting agreement with AFM in order to provide services and be compensated for such services. These services may be considered a conflict of interest in that Marshall Financial Group, LLC. (MFG) will be able to effect securities transactions for advisory clients of AFM and would receive separate and customary compensation for this activity. In some circumstances, The Marshall Financial Group may receive customary compensation from mutual fund companies and /or variable annuity companies, including 12b-1 fees. Both AFM and MFG are principally owned by Peter Marshall.

AFM has entered into promoter agreements with other registered investment advisers. In such instances, AFM pays a portion of the investment advisory fee to the other registered investment adviser. This fee and the pursuant relationship with other registered investment advisers will be fully disclosed to the client by the Promoters within the guidelines set forth in the agreements.

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

We have adopted a "Code of Ethics" designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act"). The code establishes rules of conduct for all officers, employees and registered investment advisory representatives of American Financial Management, Ltd.

The code is designed to ensure that the high ethical standards long maintained by AFM continue to be applied. The purpose of the code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

AFM, its officers, employees and registered investment adviser representatives are prohibited from engaging in fraudulent, deceptive and manipulative conduct and will act solely in the best interest of its client(s) at all times. Upon request AFM will provide a copy of the code of ethics to any client or prospective client, records of such requests are maintained.

On occasion, the interests of AFM, its officers, employees and registered investment adviser representatives who own accounts may correspond with advisory client's interests. At such times, these same persons may buy or sell for their own accounts the same security that is recommended to clients. However, client's orders always take precedent over orders placed by AFM, its officers, employees and registered investment adviser representatives' accounts. AFM has established written supervisory policies and procedures that include personal investment and trading policies for its officers, employees and registered investment adviser representatives.

These policies and procedures are distributed to all access persons internally. A record of acknowledgement that they have read, understand and agree to abide is maintained. The policies include:

- AFM, its officers, employees and access persons cannot prefer their own interests to that of the client;
- AFM, its officers, employees and access persons cannot purchase or sell any security for their own personal accounts prior to implementing transactions for client accounts;



- AFM, its officers, employees and access persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry;
- AFM maintains a list of all securities holdings for the firm and access persons. This list is reviewed on a regular basis by our Chief Compliance Officer and other qualified persons.

Any officer, employee or access person not observing our policies, or violating any applicable state or federal advisory practice regulations, is subject to sanctions up to and including termination. A copy of our Code of Ethics is available upon request.

### **Item 12 – Brokerage Practices**

American Financial Management does not have any affiliation with product sales firms, does not make custodian recommendations to clients, does not recommend discount brokerage firms and/or trust companies to clients and does not receive fees or commissions from any of these arrangements.

### **Item 13 – Review of Accounts**

AFM does not review individual client accounts or financial plans on a periodic basis. Accounts are reviewed based on individual fund family and investment strategy by AFM's Investment Committee at least quarterly. AFM does not issue or provide regular reports to clients on their managed accounts.

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

AFM does not currently pay or receive compensation for client referrals, sales awards or other prizes. Howard Richard Dobson, Sr. and Howard Richard Dobson, Jr. are registered representatives of American Financial Services and Peter Marshall is a registered representative of PKS and owner and investment adviser representative at MFG (see Item 10). As such, they receive customary commissions and/or non-cash sales incentives as a registered representative(s) and/or licensed agent(s) on the placement of particular investment, insurance, or annuity products.

AFM utilizes internal investment adviser representatives and third- party promoters to solicit clients for AFM. AFM's Promoter's agreement is in compliance with federal regulations as set out in 17CFR Section 275.206(4)-1. In such instances, the promoter (IAR) receives a portion of the management fee. The promoter's (IAR's) fee and the pursuant relationship with other registered investment advisers are fully disclosed to the client by the terms written within the Promoter Agreement.

AFM supervises. AFM will also furnish the names and addresses of promoters who endorse Asset Allocation/Risk Management advisory services on behalf of AFM upon request of any regulatory authority representing any State or Federal entity. Promotional fees are paid in compliance with all applicable SEC and State regulations.

AFM also enters into promoter agreements with other registered investment advisers. In such instances, AFM pays the advisers a portion of the investment advisory fee.

This promotional fee and the promoter relationship with other registered investment advisers is fully disclosed to the client by the terms written within the Promoter Agreement. Generally, AFM pays promoters for endorsement 10-50% of the collected management fee. At the discretion of AFM, this range may be

higher.

### **Item 15 – Custody**

American Financial Management is deemed to have custody of client assets when AFM obtains login credentials to the client's brokerage accounts or other custodian accounts, and such credentials provide AFM with the ability to withdraw funds or securities or transfer them to an account not in the client's name at a qualified custodian. AFM has adopted policies and procedures to monitor and supervise its practices when it has custody of client assets.

AFM has also retained an independent accounting firm to perform a surprise examination once during each calendar year as prescribed by Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended. In addition, AFM may be deemed to have custody of client assets because AFM has the authority, if you grant us the authority, to deduct our fees directly from your separately managed accounts. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in "Item 5: Fees and Compensation."

Clients should receive statements at least quarterly from their broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients should carefully review all statements upon receipt.

### **Item 16 – Investment Discretion**

American Financial Management, Ltd. accepts discretionary authority to manage securities accounts on behalf of clients. For each managed account, the client completes a "Discretionary Authorization and Limited Power of Attorney" authorizing AFM to make discretionary exchanges in the mutual fund/ variable annuity to be monitored under an investment advisory agreement between the advisory client and AFM to change investment position(s) from one fund to another within the same mutual fund/variable annuity group. All assets managed by AFM shall at all times remain the physical possession of the mutual funds custodian and AFM shall have no authority to take or receive physical possession of any of the assets under its supervision. AFM has only the authority to exchange shares of one mutual fund group with other securities with which prior arrangements for exchange have been made and agreed upon between the advisory client and AFM with the purpose of the Investment Advisory Agreement.

The advisory client authorizes the mutual fund group designated to furnish AFM all information relating to transactions in the shareholder account including without limitation to the purchase and redemption of shares, all dividend and capital gains distributions paid in cash, or reinvested, and exchanges between funds. Such information will be supplied with respect to any mutual fund within the fund group in which the shareholder has had, now has, or in the future may have an account.

The advisory client further authorizes AFM to receive copies of their statements or confirmations of purchases and sales directly from each mutual fund in order that AFM will have the information available promptly after each transaction. The mutual fund group will rely on these instructions until amended or revoked in writing by the client.

### **Item 17 – Voting Client Securities**

Each client retains the right to withdraw securities or cash and vote securities. AFM does not vote proxies. In addition, any proxies would derive from shares held in the clients' own account in his, her or its name.

Clients should contact the custodian of their securities with any questions pertaining to proxy voting.

**Item 18 – Financial Information**

We do not charge or solicit pre-payment of more than \$1,200 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.