

Item 1: Cover Page

Part 2A of Form ADV Firm Brochure

September 12, 2025

Aurelius Family Office LLC

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This brochure provides information about the qualifications and business practices of Aurelius Family Office, LLC. If you have any questions about the contents of this brochure, please contact us at 603-413-6060 or email info@aurelius.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Aurelius Family Office, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

There are no material changes to this Brochure from the last annual update issued on March 3, 2025.

AFO added a minimum quarterly fee requirement of \$2,500, which may be waived at the firm's sole discretion. Please see Item 7 of this Brochure for information.

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Item 4: Advisory Business

A. Ownership/Advisory History

Aurelius Family Office LLC ("AFO" or the "firm") is a limited liability company formed under the laws of the state of New Hampshire. AFO became registered as an investment adviser in 2021 and is primarily owned by Mark Witaschek.

B. Advisory Services Offered

Wealth Management Services

AFO offers wealth management services that include portfolio management in connection with comprehensive financial planning and consulting.

Wealth Management

AFO's discretionary portfolio management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. AFO will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. For its discretionary portfolio management services, AFO receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure.

AFO also provides investment advice on clients' retirement plan assets held in qualified retirement plans, (i.e., 401(k) and 403(b) plans, etc.). Please be advised that our recommendations to you are confined to the investment alternatives made available by the plan.

Clients have the right to provide the firm with any reasonable investment restrictions on the management of their portfolio, which must be in writing and sent to the firm. Clients should promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. AFO will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. AFO will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

Retirement Rollovers – Conflicts and Added Fees. As a plan participant, clients may be paying little or nothing for the plan's investment services. As such, clients' costs are likely to be more post-rollover. Alternative courses of action are available to you: (i) Assuming it is permitted by the Plan, you can leave your money in your current Plan. (ii) If you have changed employers, you can roll your assets into the new employer's Plan, if permissible by your new employer. (iii) You can establish an IRA R/O and place into a commission-based account at a broker-dealer.

(iv) You can establish an IRA R/O and place into a fee-based advisory account. (v) You can withdraw your retirement money and pay the taxes and any applicable penalties.

Financial Planning and Consulting

AFO's financial planning and consulting services involve the preparation of a comprehensive report to include wealth management: lifestyle, risk management, cash flow, investment oversight, estate planning guide, tax strategies, retirement income, family governance, philanthropy, and business planning/corporate governance.

With respect to estate planning and tax planning, AFO's role shall be that of a facilitator between clients and their designated professional adviser(s). We are neither attorneys nor accountants, and no portion of the financial planning and consulting services should be interpreted as legal or accounting advice. Through an arrangement with ARAG Services, LLC, AFO makes available to clients legal services for estate planning documents (i.e., wills, trusts, medical directives, etc.), which clients have the option to engage for an additional fee.

Clients agree to provide AFO, in a timely manner, with any information and/or documentation we may reasonably request regarding their personal situation, income, investments, estate plan, tax-related information, financial needs, goals, and objectives, and to keep us promptly informed of any changes.

Once the financial plan is developed, it will be set forth in writing, delivered to and reviewed with the client. After the initial delivery and review of the financial plan, AFO has no further obligation with respect to the financial plan or its implementation. Clients are free to accept or reject any recommendation, and have the sole authority with regard to the implementation, acceptance, or rejection of any recommendation or advice from us. Our recommendations may be implemented, at the client's sole discretion, with the professional adviser(s) of their choosing (including your broker, accountant, attorney, etc.). Clients are free to obtain legal, accounting, and brokerage services from any professional source to implement our recommendations.

Financial planning and consulting services do not include investment supervisory or investment management services, nor the regular review or monitoring of the client's investment portfolio. Should the client want us to provide ongoing investment management, monitoring, and/or review services, such engagement shall be set forth in a separate written agreement between the client and AFO.

Standalone Financial Planning and Consulting Services

AFO also offers its financial planning and consulting services described above to clients on a standalone basis for a fixed fee.

Retirement Plan Participant Account Management (Discretionary)

AFO uses a third-party platform (Pontera Order Management System) to facilitate management of held-away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of client funds since we do not have direct access to client log-in credentials to effect trades. We are not

affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the client allowing them to connect an account(s) to the platform. Once client account(s) is connected to the platform, we will review the current account allocations. When deemed necessary, we will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client portfolios will be reviewed at least quarterly, and allocation changes will be made as deemed necessary.

AFO may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between our firm and the client.

ERISA & Qualified Plan Services

Non-Discretionary 3(21) Fiduciary Services Available

For Non-Discretionary 3(21) Fiduciary Services, the plan sponsor may choose among the following service options:

- Investment Policy Statement ("IPS"): AFO will review with the plan sponsor the investment objectives, risk tolerance, and goals of the plan. If the plan does not have an IPS, AFO will provide recommendations to the plan sponsor to assist the plan sponsor with establishing an IPS. If the plan has an existing IPS, AFO will review it for consistency with the plan's objectives. If the IPS does not represent the objectives of the plan, AFO will recommend to the plan sponsor revisions to align the IPS with the plan's objectives, which recommendations may be considered by the plan sponsor.
- Designated Investment Alternatives ("DIA"): Based on the plan's IPS, AFO will review the investment options available to the plan and will make recommendations to assist the plan sponsor with selecting DIAs to be offered to participants. Once the plan sponsor selects the DIAs, AFO will, on a periodic basis and/or upon reasonable request, provide reports and information to assist the plan sponsor with monitoring the DIAs. If the IPS criteria require a DIA to be removed, AFO will provide recommendations to assist the plan sponsor with replacing the DIA.
- Model Asset Allocation Portfolios ("Models"): Based on the plan's IPS or other investment guidelines established by the plan, AFO will review the DIAs available to the plan and will make recommendations to assist the plan sponsor with creating risk-based models comprised solely among the plan's DIAs. Once the plan sponsor approves the models, AFO will provide reports, information and recommendations, on a periodic basis, designed to assist the plan sponsor with monitoring the models. If the IPS criteria require any DIA(s) to be removed, AFO will provide recommendations to assist the plan sponsor with evaluating replacement DIA(s) to be included in the models. Upon reasonable request, and depending upon the capabilities of the recordkeeper, AFO will make recommendations to the plan sponsor to reallocate and/or rebalance the models to maintain their desired allocations.

- Qualified Default Investment Alternative ("QDIA"): Based on the plan's IPS or other guidelines established by the plan, AFO will review the investment options available to the plan and will make recommendations to assist the plan sponsor with selecting the plan's QDIA(s). Once the plan sponsor selects the plan's QDIA(s), AFO will provide reports and information, on a periodic basis and/or upon reasonable request, to assist the plan sponsor in monitoring the QDIA(s). If the IPS criteria require a QDIA to be replaced, AFO will provide recommendations to assist the plan sponsor with evaluating replacement QDIA(s).

Plan Consulting Services Available

For Plan Consulting Services, the plan sponsor may choose among the following service options:

- Administrative Support:
 - Assist plan sponsor in reviewing objectives and options available through the plan
 - Recommend participant education and communication policies under ERISA §404(c)
 - Assist with coordination of participant disclosures under 404a-5
- Service Provider Relationship Oversight:
 - Assist fiduciaries with a process to select, monitor and replace service providers
 - Assist fiduciaries with review of Covered Service Providers ("CSP") disclosures under ERISA §408(b)(2) and fee benchmarking
 - Provide reports and/or information designed to assist fiduciaries with monitoring CSPs
 - Assist with preparation and review of Requests for Proposals and/or Information
 - Coordinate and assist with CSP replacement and conversion
- Investments:
 - Periodic review of investment policy in the context of plan objectives
 - Assist the plan committee with monitoring investment performance
 - Provide analysis of investment managers and model portfolios
 - Review and recommend Designated Investment Managers ("DIMs") and/or third-party advice providers as necessary
 - Educate plan committee members, as needed, regarding replacement of DIA(s) and/or QDIA(s)
- Participant Services:
 - Facilitate group enrollment meetings
 - Coordinate employee education regarding plan investments and fees
 - Assist participants in understanding plan benefits, retirement readiness and impact of increasing deferrals

Discretionary 3(38) Fiduciary Services Available

For Discretionary 3(38) Fiduciary Services, the plan sponsor may choose among the following service options:

- AFO will implement the IPS by investing and reinvesting the plan's assets consistent with the IPS.
- AFO will assist the plan sponsor in creating, reallocating and/or rebalancing model portfolios.
- AFO will select investment options that are available under the plan.

C. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be 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 the account—for example, restricting the type or amount of security to be purchased in the portfolio.

D. Wrap Fee Programs

AFO does not participate in wrap fee programs, where brokerage commissions and transaction costs are included in the asset-based fee charged to the client.

E. Client Assets Under Management

As of December 31, 2024, AFO provides continuous management services for \$265,861,275 in client assets on a discretionary basis.

Item 5: Fees and Compensation

A. Methods of Compensation and Fee Schedule

Wealth Management Services

The annual fee for portfolio management will be charged as a percentage of assets under management according to the following fee schedule, which represents the firm's maximum fees for individual services.

| <u>Assets Under Management</u> | <u>Annual Fee Rate</u> |
|---------------------------------------|-------------------------------|
| Up to \$1,000,000 | 1.25% |
| \$1,000,001 to \$2,500,000 | 1.00% |
| \$2,500,001 to \$5,000,000 | 0.80% |
| \$5,000,001 to \$10,000,000 | 0.70% |
| Over \$10,000,000 | 0.50% |

Fees are negotiable and may vary based on the size of the account, complexity of the portfolio, extent of activity in the account, or other reasons agreed upon by us and the client. The specific advisory fees are set forth in your investment advisory agreement and our current practice for clients on a prospective basis is to bill quarterly in advance, based upon the market value of the assets being managed by AFO on the last day of the previous quarter. For new clients, fees will be prorated for the current quarter and billed promptly upon receipt of client's portfolio assets. If a client utilizes leverage, the firm's fees will be billed on the net equity in the portfolio. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for significant (\$50,000 or more) contributions to or withdrawals from a client's portfolio are prorated for the quarter in which the change occurs.

Other fee arrangements may be negotiated depending on the needs of the client.

AFO may modify the fee at any time upon 60 days' written notice to the client, and fee increases must be approved in writing by the client. In the event the client has an ERISA-governed plan, any fee modifications must be approved in writing by the client.

Standalone Financial Planning and Consulting Services

Financial planning and consulting fees will be billed a fixed fee mutually agreed upon by the client and AFO. Fixed fees generally range from \$2,000 to \$10,000, depending upon the scope and complexity of the agreed-upon services. AFO will provide the prospective client with an estimate of the fixed charges prior to finalizing the financial planning agreement.

For estate planning through ARAG Services, LLC, clients will pay a separate fixed fee of \$2,500. Should clients need additional legal services, AFO has negotiated a 25% discount. AFO collects the \$2,500 fee, but 100% will be remitted to ARAG Services, LLC on the client's behalf; AFO does not retain any of the fee clients pay for these legal services.

If the client becomes a portfolio management client of AFO within twelve months after delivery of our recommendations and plan, separately paid fees of up to \$2,000 for financial planning and consulting will be credited to the portfolio management fees we charge you until the credit is expended. Fees paid for estate planning through ARAG Services, LLC, are excluded from this rebate offer.

ERISA & Qualified Plan Services

Each engagement is separately negotiated and memorialized in a written agreement prior to the commencement of services.

B. Client Payment of Fees

Portfolio Management Services

AFO generally requires fees to be prepaid on a quarterly basis. AFO requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

AFO will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be terminated by either party for any reason upon 30 days' prior written notice to the other party. Upon termination of any account, any unearned, prepaid fees will be promptly refunded.

Financial Planning and Consulting Services

Financial planning fee terms are subject to the client services agreement between the client and AFO. For prepaid fees of \$1,200 or more, services will be completed within six months of the date fees are received.

The financial planning agreement may be canceled at any time by either party upon written notice. Upon termination, any unearned, prepaid fees will be refunded to the client, and any earned, unpaid fees will be due and payable.

C. Additional Client Fees Charged

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus,

each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using AFO may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

D. External Compensation for the Sale of Securities to Clients

AFO's advisory professionals are compensated primarily through a salary and bonus structure. AFO's advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 10.C. for conflicts of interest.

E. Important Disclosure – Custodian Investment Programs

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements, we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

Limitation on Mutual Fund Universe for Custodian Investment Programs: There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds: Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm's clients.

Item 6: Performance-Based Fees and Side-by-Side Management

AFO does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

Item 7: Types of Clients

AFO offers its investment services to various types of clients including individuals, high-net-worth individuals, pension and profit sharing plans, charitable organizations, corporations and other legal entities.

AFO generally requires a minimum quarterly fee of \$2,500. For portfolio values less than \$800,000, clients may be able to obtain comparable services at a lower cost elsewhere. AFO, at its sole discretion, may waive this minimum requirement. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related household accounts to meet the stated minimum.

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

A. Methods of Analysis and Investment Strategies

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.

Methods of Analysis

AFO uses a variety of sources of data to conduct its economic, investment and market analysis, which may include economic and market research materials prepared by others, conference calls hosted by individual companies or mutual funds, corporate rating services, annual reports, prospectuses, and company press releases, and financial newspapers and magazines. AFO may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

AFO and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Fundamental analysis is a method of evaluating the intrinsic value of an asset and analyzing the factors that could influence its price in the future. This form of analysis is based on external events and influences, as well as financial statements and industry trends.
- Factor investing is an investment approach that involves targeting specific drivers of return across asset classes. There are two main types of factors: macroeconomic and style.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.

Modern Portfolio Theory

The firm's methods of analysis include *modern portfolio theory*. Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets. Modern portfolio theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The

implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Mutual Funds and Exchange-Traded Funds, Individual Securities, and Pooled Investment Vehicles

AFO may recommend “institutional share class” mutual funds, exchange-traded funds (“ETFs”), individual securities (including fixed income instruments), and pooled investment vehicles. A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), and pooled investment vehicles is set forth below.

AFO has formed relationships with third-party vendors that:

- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

AFO may utilize additional independent third parties to assist it in recommending and monitoring individual securities, funds, and pooled investment vehicles to clients as appropriate under the circumstances.

AFO reviews certain quantitative and qualitative criteria related to funds and to formulate investment recommendations to its clients. Quantitative criteria may include:

- performance history of a fund or manager evaluated against that of its peers and other benchmarks
- analysis of risk-adjusted returns
- fund fee structure
- relevant fund portfolio manager’s tenure

Qualitative criteria used in selecting/recommending funds include the investment objectives and/or management style and philosophy of a fund; a fund’s consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to funds are reviewed by AFO on a quarterly basis or such other interval as appropriate under the circumstances. In addition, funds are reviewed to determine the extent to which their investments reflect any of the following: efforts to time the market, engage in portfolio pumping, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the fund or manager by AFO (are negative factors in implementing an asset allocation structure).

Account minimum balances and fees may significantly differ between clients/funds. Each client’s individual needs and circumstances will determine portfolio weighting, which can have an impact on the funds utilized. AFO will endeavor to obtain equal treatment for its clients with funds, but cannot assure equal treatment.

AFO will regularly review the activities of funds utilized for the client. Clients that invest in funds should first review and understand the disclosure documents of those funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

Material Risks of Investment Instruments

AFO generally invests in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Exchange-traded notes
- Leveraged and inverse exchange-traded products
- Fixed income securities
- U.S. government securities
- Fixed equity annuities
- Fixed equity indexed annuities
- Variable annuities
- Business Development Companies (BDC)
- Real Estate Investment Trusts ("REITs")

Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

Exchange-Traded Funds ("ETFs")

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], streetTRACKS[®], DIAMONDSSM, NASDAQ 100 Index Tracking StockSM ("QQQsSM") iShares[®] and VIPERs[®]. ETFs have embedded expenses that the client indirectly bears.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

Leveraged and Inverse Exchange-Traded Products ("ETPs")

Leveraged ETPs employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. The use of leverage typically increases risk for an investor. However, unlike utilizing margin or shorting securities in your own account, you cannot lose more than your original investment. An inverse ETP is designed to track, on a daily basis, the inverse of its benchmark. Inverse ETPs utilize short selling, derivatives trading, and other leveraged investment techniques, such as futures trading to achieve their objectives. Leverage and inverse ETPs reset each day; as such, their performance can quickly diverge from the performance of the underlying index or benchmark. An investor could suffer significant losses even if the long-term performance of the index showed a gain. Engaging in short sales and using swaps, futures, contracts, and other derivatives can expose the ETP.

There is always a risk that not every leveraged or inverse ETP will meet its stated objective on any given trading day. An investor should understand the impact an investment in the ETP could have on the performance of their portfolio, taking into consideration goals and tolerance for risk. Leveraged or inverse ETPs may be less tax-efficient than traditional ETPs, in part because daily resets can cause the ETP to realize significant short-term capital gains that may not be offset by a loss. Be sure to check with your tax advisor about the consequences of investing in a leveraged or inverse ETP. Leveraged and Inverse ETPs are not suited for long-term investment strategies. These are not appropriate for buy-and-hold or conservative investors and are more suitable for investors who understand leverage and are willing to assume the risk of magnified potential losses. These funds tend to carry higher fees, due to active management, that can also affect performance.

Exchange-Traded Notes ("ETN")

ETNs are structured debt securities. ETN liabilities are unsecured general obligations of the issuer. Most ETNs are designed to track a particular market segment or index. ETNs have expenses associated with their operation. When a fund invests in an ETN, in addition to directly bearing expenses associated with its own operations, it will bear its pro rata portion of the ETN's expenses. The risks of owning an ETN generally reflect the risks of owning the underlying securities the ETN is designed to track, although lack of liquidity in an ETN could result in it being more volatile than the underlying portfolio of securities. In addition, because of ETN expenses, compared to owning the underlying securities directly it may be more costly to own an ETN. The value of an ETN security should also be expected to fluctuate with the credit rating of the issuer.

Fixed Income Securities

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

U.S. Government Securities

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

Fixed Equity Annuities

A fixed annuity is a contract between an insurance company and a customer, typically called the annuitant. The contract obligates the company to make a series of fixed annuity payments to the annuitant for the duration of the contract. The annuitant surrenders a lump sum of cash in exchange for monthly payments that are guaranteed by the insurance company. Please note the following risks: (i) Spending power risk. Social Security retirement benefits have cost-of-living adjustments. Most fixed annuities do not. Consequently, the spending power provided by the monthly payment may decline significantly over the life of the annuity contract because of inflation, (ii) Death and survivorship risk. In a conventional fixed annuity, once the annuitant has turned over a lump sum premium to the insurance company, it will not be returned. The annuitant could die after receiving only a few monthly payments, but the insurance company may not be obligated to give the annuitant's estate any of the money back. A related risk is based on the financial consequences for a surviving spouse. In a standard single-life annuity contract, a survivor receives nothing after the annuitant dies. That may put a severe dent in a spouse's retirement income. To counteract this risk, consider a joint life annuity. (iii) Company failure risk. Private annuity contracts are not guaranteed by the FDIC, SIPC, or any other federal agency. If the insurance company that issues an annuity contract fails, no one in the federal

government is obligated to protect the annuitant from financial loss. Most states have guaranty associations that provide a level of protection to citizens in that state if an insurance company also doing business in that state fails. A typical limit of state protection, if it applies at all, is \$100,000. To control this risk, contact the state insurance commissioner to confirm that your state has a guaranty association and to learn the guarantee limits applicable to a fixed annuity contract. Based on that information, consider dividing fixed annuity contracts among multiple insurance companies to obtain the maximum possible protection. Also check the financial stability and credit ratings of the annuity insurance companies being considered. A.M. Best and Standard & Poor's publish ratings information.

Fixed Equity Indexed Annuities

An equity-indexed annuity is a type of fixed annuity that is distinguished by the interest yield return being partially based on an equities index, typically the S&P 500. The returns (in the form of interest credited to the contract) can consist of a guaranteed minimum interest rate and an interest rate linked to a market index. The guaranteed minimum interest rate usually ranges from 1 to 3 percent on at least 87.5 percent of the premium paid. As long as the company offering the annuity is fiscally sound enough to meet its obligations, you will be guaranteed to receive this return no matter how the market performs. Your index-linked returns will depend on how the index performs but, generally speaking, an investor with an indexed annuity will not see his or her rate of return fully match the positive rate of return of the index to which the annuity is linked — and could be significantly less. One major reason for this is that returns are subject to contractual limitations in the form of caps and participation rates. Participation rates are the percentage of an index's returns that are credited to the annuity. For instance, if your annuity has a participation rate of 75 percent, then your index-linked returns would only amount to 75 percent of the gains associated with the index. Interest caps, meanwhile, essentially mean that during big bull markets, investors won't see their returns go sky-high. For instance, if an index rises 12 percent, but an investor's annuity has a cap of 7 percent, his or her returns will be limited to 7 percent.

Some indexed annuity contracts allow the issuer to change these fees, participation rates and caps from time to time. Investors should also be aware that trying to withdraw the principal amount from a fixed indexed annuity during a certain period — usually within the first 9 or 10 years after the annuity was purchased — can result in fees known as surrender charges, and could also trigger tax penalties. In fact, under some contracts if withdrawals are taken amounts already credited will be forfeited. After paying surrender charges an investor could lose money by surrendering their indexed annuity too soon.

Variable Annuities

Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims.

Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

Business Development Companies (BDCs)

BDCs are registered with the U.S. Securities and Exchange Commission (SEC) and regulated under the Investment Company Act of 1940. These investments offer individual investors access to private debt, an asset class that typically has only been available to high-net-worth and institutional investors. By investing in a non-traded BDC, individuals are able to pool their capital to invest in private American companies.

BDCs typically invest in below-investment-grade companies, which means that they may, among other things, experience higher default rates and may be more illiquid and difficult to value compared to investment-grade companies. A BDC's yield and total return potential should be weighed against the level of risk assumed within the portfolio.

An investment in a BDC can involve significant costs. Investors should consider a BDC's fees as well as liquidity, or the frequency with which an investor may buy or sell their shares. Public BDCs trade on a national securities exchange and typically provide investors with liquidity on a daily basis. Shares of publicly traded BDCs are subject to the daily volatility of the public markets.

A private BDC does not trade on a national securities exchange and is designed as a long-term investment, generally providing investors with limited liquidity five to seven years following its launch. Private BDCs seek to provide liquidity through a listing on a national securities exchange or through a sale or merger of its portfolio. In addition, the share price of a private BDC is typically based on the value of the fund's investments while public BDC shares can trade at a premium or discount to net asset value.

Real Estate Investment Trusts ("REITs")

A REIT is a tax designation for a corporate entity which pools capital of many investors to purchase and manage real estate. Many REITs invest in income-producing properties in the office, industrial, retail, and residential real estate sectors. REITs are granted special tax considerations, which can significantly reduce or eliminate corporate income taxes. In order to qualify as a REIT and for these special tax considerations, REITs are required by law to distribute 90% of their taxable income to investors. REITs can be traded on a public exchange like a stock, or be offered as a non-traded REIT. REITs, both public exchange-traded and non-traded, are subject to risks including volatile fluctuations in real estate prices, as well as fluctuations in the costs of operating or managing investment properties, which can be substantial. Many REITs obtain management and operational services from companies and service providers that are directly or indirectly related to the sponsor of the REIT, which presents a potential conflict of interest that can impact returns on investments.

Non-traded REITs include: (i) A REIT that is registered with the Securities and Exchange Commission (SEC) but is not listed on an exchange or over-the-counter market (non-exchange traded REIT); or, (i) a REIT that is sold pursuant to an exemption to registration (Private REIT). Non-traded REITs are generally blind pool investment vehicles. Blind pools are limited

partnerships that do not explicitly state their future investments prior to beginning their capital-raising phase. During this period of capital-raising, non-traded REITs often pay distributions to their investors.

The risks of non-traded REITs are varied and significant. Because they are not exchange-traded investments, they often lack a developed secondary market, thus making them illiquid investments. As blind pool investment vehicles, non-traded REITs' initial share prices are not related to the underlying value of the properties. This is because non-traded REITs begin and continue to purchase new properties as new capital is raised. Thus, one risk for non-traded REITs is the possibility that the blind pool will be unable to raise enough capital to carry out its investment plan. After the capital raising phase is complete, non-traded REIT shares are infrequently re-valued and thus may not reflect the true net asset value of the underlying real estate investments. Non-traded REITs often offer investors a redemption program where the shares can be sold back to the sponsor; however, those redemption programs are often subject to restrictions and may be suspended at the sponsor's discretion. While non-traded REITs may pay distributions to investors at a stated target rate during the capital-raising phases, the funds used to pay such distributions may be obtained from sources other than cash flow from operations, and such financing can increase operating costs.

With respect to publicly traded REITs, publicly traded REITs may be subject to additional risks and price fluctuations in the public market due to investors' expectations of the individual REIT, the real estate market generally, specific sectors, the current yield on such REIT, and the current liquidity available in public market. Although publicly traded REITs offer investors liquidity, there can be constraints based upon current supply and demand. An investor when liquidating may receive less than the intrinsic value of the REIT.

B. Investment Strategy and Method of Analysis Material Risks

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

Margin Leverage

Although AFO, as a general business practice, does not utilize leverage, there may be instances in which the use of leverage may be appropriate for certain clients and situations or requested by the clients for personal use. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2.00 of a security for \$1.00. So, if the price of a security rises by \$1.00, the investor earns a 100% return on their investment. Conversely, if the security declines by \$0.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts have a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example,

if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

Short-Term Trading

Although AFO, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

High-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

Short Selling

AFO generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

Option Strategies

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

AFO as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

- Option spreading

Covered Call Writing

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

Long Call Option Purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

Long Put Option Purchases

Long put option purchases allow the option holder to sell or "put" the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

Option Spreading

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder "locks in" a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

C. Concentration Risks

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value

than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

Mark Witaschek, AFO's Managing Member, was convicted of misdemeanor charges in a state court action in the District of Columbia relating to attempt to evade taxes arising out of a short period of his residency in the District of Columbia, beginning in mid-2012. Public information concerning Mr. Witaschek's registration as an investment advisor representative may be found by accessing the SEC's public disclosure site at www.adviserinfo.sec.gov.

B. Administrative Enforcement Proceedings

There is nothing to report on this item.

C. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report on this item.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

Neither AFO nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

B. Futures or Commodity Registration

Neither AFO nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Licensed Insurance Agents

Certain managers, members, and registered employees of AFO are licensed insurance agents and may recommend insurance products offered by such carriers for whom they function as an agent and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products of such carriers. Please also be advised that AFO strives to put its clients' interests first and foremost, and clients may utilize any insurance carrier or insurance agency they desire.

ARAG Services, LLC

AFO has partnered with ARAG Services, LLC to provide our clients with legal services. See Item 4, Advisory Services for information about this program. AFO does not receive any compensation for referring clients to ARAG Services, LLC, nor do we pay them for any client referrals.

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

AFO does not recommend separate account managers or other investment products in which it receives any form of referral or solicitor compensation from the separate account manager or client.

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

A. Code of Ethics Description

In accordance with the Advisers Act, AFO has adopted policies and procedures designed to detect and prevent insider trading. In addition, AFO has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of AFO's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of AFO. AFO will send clients a copy of its Code of Ethics upon written request.

AFO has policies and procedures in place to ensure that the interests of its clients are given preference over those of AFO, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

AFO does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, AFO does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest

AFO, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which AFO specifically prohibits. AFO has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefiting at the expense of a client.

Advisory representatives and employees must follow AFO's procedures when purchasing or selling the same securities purchased or sold for the client.

D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

AFO, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other AFO clients. AFO will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of AFO to place the clients' interests above those of AFO and its employees.

Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions

Custodian Recommendations

AFO may recommend that clients establish brokerage accounts with Axos Advisor Services, or Interactive Brokers for clients with margin balance loans, (herein collectively referred to as "custodian"), FINRA-registered broker-dealers, members SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although AFO may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. AFO is independently owned and operated and not affiliated with custodian. For AFO-managed advisory accounts, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

AFO considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by AFO, AFO will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by AFO will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

How We Select Brokers/Custodians to Recommend

AFO seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that provide the most value given a particular client's needs when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

Client's Custody and Brokerage Costs

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging either transaction fees or custodian asset-based fees on trades that it executes or that settle into the custodian's accounts. For some accounts, the custodian may charge a percentage of the dollar amount of assets in the account in lieu of commissions. The custodian's commission rates and asset-based fees applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates and asset-based fees paid are lower than they would be if the firm had not made the commitment. In addition to commissions or asset-based fees, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

Soft Dollar Arrangements

AFO does not utilize soft dollar arrangements. AFO does not direct brokerage transactions to executing brokers for research and brokerage services.

Institutional Trading and Custody Services

The custodian provides AFO with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Other Products and Services

Custodian also makes available to AFO other products and services that benefit AFO but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of AFO's accounts, including accounts not maintained at custodian. The custodian may also make available to AFO software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of AFO's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help AFO manage and further develop its business enterprise. These services may include

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

The custodian may also provide other benefits such as educational events or occasional business entertainment of AFO personnel. In evaluating whether to recommend that clients custody their assets at the custodian, AFO may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which creates a conflict of interest.

Independent Third Parties

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to AFO. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to AFO.

Additional Compensation Received from Custodians

AFO may participate in institutional customer programs sponsored by broker-dealers or custodians. AFO may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between AFO's participation in such programs and the investment advice it gives to its clients, although AFO receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations

- Research-related products and tools
- Consulting services
- Access to a trading desk serving AFO participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to AFO by third-party vendors

The custodian may also pay for business consulting and professional services received by AFO's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for AFO's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit AFO but may not benefit its client accounts. These products or services may assist AFO in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help AFO manage and further develop its business enterprise. The benefits received by AFO or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

AFO also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require AFO to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, AFO will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by AFO's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for AFO's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, AFO endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by AFO or its related persons in and of itself creates a conflict of interest and indirectly influences AFO's recommendation of broker-dealers for custody and brokerage services.

The Firm's Interest in Custodian's Services

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. Custodian's services give the firm an incentive to recommend that clients maintain their

accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

Brokerage for Client Referrals

AFO does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Directed Brokerage

AFO typically recommends Axos or Interactive Brokers as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf. AFO does not allow directed brokerage.

B. Aggregating Securities Transactions for Client Accounts

Best Execution

AFO, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. AFO recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. AFO will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, AFO seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of AFO's knowledge, these custodians provide high-quality execution, and AFO's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, AFO believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

Security Allocation

Since AFO may be managing accounts with similar investment objectives, AFO may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by AFO in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

AFO's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. AFO will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

AFO's advice to certain clients and entities and the action of AFO for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of AFO with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of AFO to or on behalf of other clients.

Order Aggregation

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if AFO believes that a larger size block trade would lead to best overall price for the security being transacted.

Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

AFO acts in accordance with its duty to seek best price and execution and will not continue any arrangements if AFO determines that such arrangements are no longer in the best interest of its clients.

Trade Errors

From time to time, AFO may make an error in submitting a trade order on the client's behalf. When this occurs, AFO may place a correcting trade with the broker-dealer. If an investment gain results from the correcting trade, the gain will remain in client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for client to retain the gain, or AFO confers with client and client decides to forego the gain (e.g., due to tax reasons).

Item 13: Review of Accounts

A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Accounts are reviewed by AFO investment adviser representative servicing the client's account. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

Financial planning clients receive their financial plans and recommendations at the time service is completed. There are no post-plan reviews unless engaged to do so by the client.

B. Review of Client Accounts on Non-Periodic Basis

AFO may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how AFO formulates investment advice.

C. Content of Client-Provided Reports and Frequency

AFO reports to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks.

The client's independent qualified custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by AFO.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

AFO receives an economic benefit from custodians in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of custodians' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

B. Advisory Firm Payments for Client Referrals

Promoter Arrangements

The firm may enter into arrangements with promoters, endorsers, solicitors, or with clients for testimonials (herein collectively referred to as "promoter") who will promote the advisory firm for compensation. Agreements are required when compensation to the promoter is equal to or greater than \$1,000. The receipt of such compensation creates a conflict of interest in that the promoter is economically incented to endorse our firm. Please be advised that the firm's payment of compensation to the promoter does not increase the client's advisory fee paid to the firm.

Employee Referrals

AFO has arrangements with employees of our firm, under which the individual receives compensation from us for the establishment of new client relationships. Employees who refer clients to us must comply with the requirements of the jurisdictions where they operate. The compensation is a percentage of the advisory fee you pay us for as long as you are our client, or until such time as our agreement with the employee expires. You will not be charged additional fees based on this compensation arrangement. Incentive-based compensation is contingent upon you entering into an advisory agreement with us. Therefore, the individual has a financial incentive to recommend us to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain us for advisory services. Comparable services and/or lower fees may be available through other firms.

SmartAsset

AFO pays a fee to participate in an online adviser matching program, SmartAsset, which seeks to match prospective advisory clients who have expressed an interest in finding an investment adviser with investment advisory firms. The adviser matching program provides the name and contact information of such persons to the advisory firms as potential leads.

Item 15: Custody

AFO is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
 1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
 2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
 3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
 4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
 5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
 6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
 7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to engage an independent public accountant to annually conduct a surprise custody exam audit.
- Certain AFO executives act as trustee for certain advisory client trusts. As such, the firm is deemed to have custody of client assets and therefore subject to a surprise annual audit by an independent certified public accounting firm.

Individual advisory clients will receive at least quarterly account statements directly from their qualified custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account

statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

Item 16: Investment Discretion

Clients may grant a limited power of attorney to AFO with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, AFO will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

Item 17: Voting Client Securities

AFO does not take discretion with respect to voting proxies on behalf of its clients. All proxy material will be forwarded to the client by the client's custodian for the client's review and action. Clients may contact the firm with questions regarding proxies they have received.

AFO will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of AFO supervised and/or managed assets. In no event will AFO take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, AFO will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. AFO has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. AFO also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, AFO has 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 securities are held by clients.

Where AFO receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 18: Financial Information

A. Balance Sheet

AFO does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

AFO does not have any financial issues that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There is nothing to report on this item.