

Berg Faircloth Investment Advisors Corp. Client Brochure

This brochure provides information about the qualifications and business practices of Berg Faircloth Investment Advisors Corp.. If you have any questions about the contents of this brochure, please contact us at (703) 821-1040 or by email at: BergFaircloth@b-f-c.com. 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.

Additional information about Berg Faircloth Investment Advisors Corp. is also available on the SEC's website at www.adviserinfo.sec.gov. Berg Faircloth Investment Advisors Corp.'s CRD number is: 118673

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Registration does not imply a certain level of skill or training.

Version Date: 3/8/2011

Item 2: Material Changes

Berg Faircloth Investment Advisors Corp. has not yet filed an annual updating amendment using the ADV Form 2A. Therefore there are no material changes to report.

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Item 4: Advisory Business

A. Description of the Advisory Firm

This firm has been in business since January of 1998, and the principal owners are Ricky Landon Faircloth and Oscar Landon Faircloth.

B. Types of Advisory Services

Berg Faircloth Investment Advisors Corp. (hereinafter "BFIA") offers the following services to advisory clients:

Investment Supervisory Services

BFIA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BFIA creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

BFIA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. BFIA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Financial Planning

BFIA provides Financial Planning services to clients. This typically involves an initial fact-finding interview with the client, followed by another meeting to present a formalized Financial Plan. Subsequent follow up meetings, based on the clients' needs, keep the client on track to meet their goals. Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on hourly fees and the final fee structure is documented in the Financial Planning Agreement.

Services Limited to Specific Types of Investments

BFIA limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, insurance products including annuities, private placements, and government securities. BFIA may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

BFIA offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent BFIA from properly servicing the client account, or if the restrictions would require BFIA to deviate from its standard suite of services, BFIA reserves the right to end the relationship.

D. Wrap Fee Programs

BFIA does not participate in any wrap fee programs.

E. Amounts Under Management

BFIA has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$33,968,200.00	\$180,300.00	2/22/2011

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Total Assets Under Management	Annual Fee
First \$100,000	1.75%
Next \$900,000	1.50%
Next \$1,000,000	1.25%
Next \$3,000,000	1.00%
Next \$5,000,000	0.75%

These fees are nonnegotiable and the final fee schedule is attached to the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with twenty days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Financial Planning Fees

Hourly Fees

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$150 and \$250. The fees are negotiable and the final fee schedule will be attached to the Financial Planning Agreement. Fees are paid in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Advisory fees may also be invoiced and billed directly to the client with payments due upon receipt of the billing statement. Clients may select the method in which they are billed.

Payment of Financial Planning Fees

Hourly Financial Planning fees are paid via check in advance, but never more than six months in advance. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BFIA. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

BFIA collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check.

E. Outside Compensation For the Sale of Securities to Clients

Ricky Faircloth and Sandra Presgraves are Registered Representatives of Cambridge Investment Research, a registered Broker/Dealer of FINRA/SIPC and they accept compensation for the sale of securities to BFIA clients.

1. This is a Conflict of Interest

BFIA and its supervised persons will accept compensation for the sale of securities or other investment products, including asset based sales charges or services fees from the sale of mutual funds to its clients. This presents a conflict of interest and gives the supervised person and BFIA an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which BFIA receives compensation, BFIA will document the conflict of interest in the client file and inform the client of the conflict of interest.

2. Clients Have the Option to Purchase Recommended Products From Other Brokers

Clients always have the option to purchase BFIA recommended products through other brokers or agents that are not affiliated with BFIA.

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

BFIA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

BFIA generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Corporations or Business Entities

Minimum Account Size

There is no account minimum.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

BFIA's methods of analysis include fundamental analysis and cyclical analysis.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investment Strategies

BFIA uses long term trading and short term trading strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold : 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

BFIA generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Ricky Landon Faircloth and Sandra Sue Presgraves are registered representatives. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. BFIA always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BFIA in their capacity as an registered representative.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither BFIA nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Ricky Landon Faircloth is a certified public accountant with Berg Faircloth & Co. Sandra Presgraves is licensed in Life and Health Insurance in Maryland, Virginia and Washington DC and may sell these products for a commission. From time to time, they will offer clients advice or products from those activities. BFIA always acts in the best interest of the client. Clients are in no way required to implement the plan through any representative of BFIA in their capacity as an accountant or a licensed insurance agent.

D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

BFIA does not utilize nor select other advisors or third party managers. All assets are managed by BFIA management.

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

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

B. Recommendations Involving Material Financial Interests

BFIA does not recommend that clients buy or sell any security in which a related person to BFIA has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of BFIA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BFIA to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. BFIA will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of BFIA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BFIA to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodian was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. BFIA will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. *Research and Other Soft-Dollar Benefits*

BFIA receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

2. *Brokerage for Client Referrals*

BFIA receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. *Clients Directing Which Broker/Dealer/Custodian to Use*

BFIA allows clients to direct brokerage. BFIA may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage BFIA may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

B. Aggregating (Block) Trading for Multiple Client Accounts

BFIA maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least quarterly by Ricky Landon Faircloth and/or Sandra Presgraves. The chief advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at BFIA are assigned to these reviewers.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Ricky Landon Faircloth and/or Sandra Presgraves. There is only one level of review and that is the total review conducted to create the financial plan.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly a written report that details the client's account which may come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

BFIA does not receive any economic benefit, directly or indirectly from any third party for advice rendered to BFIA clients.

B. Compensation to Non -Advisory Personnel for Client Referrals

BFIA does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

BFIA does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the Custodian.

Item 16: Investment Discretion

For those clients' accounts where BFIA provides ongoing supervision, the client has given BFIA written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides BFIA discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

Item 17: Voting Client Securities (Proxy Voting)

BFIA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

BFIA does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither BFIA nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

BFIA has not been the subject of a bankruptcy petition in the last ten years.

Item 19: Requirements For State Registered Advisers

A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background

BFIA currently has only one management person/executive officer; Ricky Landon Faircloth. Ricky Landon Faircloth's education and business background can be found on the Supplemental ADV Part 2B form.

B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)

Ricky Landon Faircloth's other business activities can be found on the Supplemental ADV Part 2B form.

C. How Performance Based Fees are Calculated and Degree of Risk to Clients

BFIA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

D. Material Disciplinary Disclosures for Management Persons of this Firm

No management person at BFIA has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)

Neither BFIA, nor its management persons, has any relationship or arrangement with issuers of securities.