
Item 1 – Cover Page



Form ADV Part 2 Brochure

10/31/11

MCF Advisors, LLC

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This Brochure provides information about the qualifications and business practices of MCF Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 859-392-8600 and/or astout@mcfadvisors.com. Currently, our Brochure may be requested free of charge by contacting Andrew Stout at 859-392-8600 or astout@mcfadvisors.com. Our Brochure is also available on our web site www.mcfadvisors.com, also free of charge.

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.

MCF Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about MCF Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The following are the material changes that have been made to our Brochure since our last annual update dated 10/21/2011.

1. None.

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Item 4 – Advisory Business

MCF Advisors was founded in 1983 by Robert Sathe. The company was established as a Registered Investment Advisor in 1999 with David Harris joining the firm as partner in 2003.

MCF Advisors, LLC offers total wealth management services including financial planning and investment management. The process begins by evaluating the client's risk and return objectives as well as their constraints. Risk objectives deal with the investor's ability and willingness to accept risk in the marketplace. Return objectives are concerned with the investor's required rate of return on their portfolio. It is imperative that these two objectives be consistent with each other. In other words, it is not realistic for the investor to expect consistently high returns while taking on minimal risk.

After this step is complete, an evaluation of the investor's constraints must be analyzed. Typical constraints include liquidity requirements, time horizon, tax concerns, and various unique circumstances. We identify the client's objectives and constraints through face-to-face meetings and an asset allocation questionnaire.

After the financial plan is complete and we know how much money will be needed to meet life goals including; financial goals, capital needs, income needs, and gifting and/or charitable goals, we can determine the client's required rate of return. With this rate of return in mind, we can design a portfolio that takes the least amount of financial and emotional risk possible to meet these goals. This approach ensures that our clients are not accepting unnecessary risks and are prepared for unexpected market swings, as they are aware of the possibilities beforehand.

The MCF Advisors Investment Committee is comprised of professionals with an average industry experience of more than 20 years. The Investment Committee is the group which develops our firm's long-term, macroeconomic outlook, or "Strategic Outlook," through proprietary research as well as access to institutional research. We believe that investment management is an ongoing process designed to deliver strong risk-adjusted rates of return over a long period of time. The Committee meets regularly to discuss our strategic outlook, which focuses on the key factors which drive asset class returns

As of 9/30/2011, MCF Advisors, LLC managed \$569,707,718 assets with \$397,387,036 of discretionary assets basis and \$172,320,683 of a nondiscretionary assets.

Item 5 – Fees and Compensation

The fee schedule applicable as of this Brochure is as follows:

Client Assets	Annual Fee (%) for all assets
On the first \$2,000,000	1%
On the next \$1,000,000	0.8%
On the next \$4,500,00	0.5%
On all amounts in excess of \$7,500,000	0.25%

All fees are subject to negotiation.

The specific manner in which fees are charged by MCF Advisors, LLC is established in a client's written agreement with MCF Advisors, LLC. MCF Advisors, LLC will generally bill its fees on a quarterly basis in advance. Clients may also elect to be billed directly for fees or to authorize MCF Advisors, LLC to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated during a calendar quarter will be charged a prorated fee.

MCF Advisors, LLC's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to MCF Advisors, LLC's fee, and MCF Advisors, LLC shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that MCF Advisors, LLC considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

MCF Advisors, LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

MCF Advisors, LLC provides portfolio management services to individuals, high net worth individuals, trusts, corporate pension and profit-sharing plans, charitable institutions, and foundations.

MCF Advisors, LLC generally requires a minimum account of \$500,000 to open a portfolio; however, we allow clients to determine whether our services are appropriate for their needs.

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

We begin by developing a financial plan, which guides us because we now know how much money will be needed to meet life goals including financial goals, capital needs, income needs, gifting and/or charitable goals. We design a portfolio that takes the least amount of financial and emotional risk possible to meet these goals.

We believe investment success comes from focusing on risk management. We believe asset allocation or the process of diversifying money across different asset classes maximizes return and minimizes risk. We believe no one knows for certain what will be the best and weakest performing asset class in a given year, which is why we have exposure to multiple asset classes.

Our investment process begins with our investment committee forming a strategic outlook based on proprietary research, which serves as a guide for the structure of our portfolio. The outlook focuses on key factors that drive asset class returns such as economic growth, inflation, interest rates, exchange rates, government intervention, and geopolitical events.

We adjust our portfolios on a short-term basis away from the strategic outlook when we feel temporary mispricing provides a profitable opportunity. Three of the many factors we consider when making a tactical overlay are investor sentiment, key technical levels, and yield spreads.

Once we have our strategic outlook and tactical overlays in place, we estimate key model inputs in order to compose a well-balanced portfolio. One technique we use to forecast returns is the Black-Litterman approach. This process estimates returns based on equilibrium conditions and an investor's expressed point of view. Correlations and volatility are predicted using orthogonal generalized autoregressive conditional heteroskedasticity (OGARCH). OGARCH provides variance and covariance estimates by creating positive definite covariance matrices.

We believe traditional portfolio optimization is flawed because it only focuses on standard deviation as a risk factor. We have overcome this shortcoming by constructing mathematical models designed to optimize against multiple criteria. In addition to focusing on standard deviation, we optimize the portfolios using semi-standard deviation (downside risk), beta (sensitivity), duration (interest rate risk), and yield (interest rate exposure). We also analyze our portfolios under many possible economic outcomes by using minimax linear programming, which maximizes the minimum return.

After we have decided on the appropriate mix of asset classes, we choose the investment securities to represent those asset classes. We may decide to use either active or passive management. We are 100% independent with no affiliation to or revenue sharing with any company. If we use active management, a strict process is followed to ensure we have the best possible managers for our clients. Our filtering process begins with the entire investment management universe, then we analyze returns, investment style, expenses, other performance measures, manager's tenure, and turnover ratio.

Once the portfolio has been designed, we put it into action. We take into consideration potential tax consequences when executing the plan. We may use existing securities as part of the total portfolio, which minimizes the tax liability and still allows for the maximization of risk-adjusted return.

The final piece of the ongoing portfolio construction process is risk management. Risk management is the monitoring of certain aspects of the portfolio so that it does not take on more risk than desired. We continually analyze the economic landscape as well as portfolio specific data such as asset class correlations, asset class volatility, beta, downside risk, tracking error, sector exposure, yield, duration, and credit quality.

In using our asset allocation process, we will invest in mutual funds, exchange traded funds, individual equities, and individual fixed income. In determining the client's long-term investment objectives, we help clients understand the inherent risks involved in investing in the markets. As with all investment securities, there is a risk of loss of both income and principal. Clients should not assume that will be profitable or achieve any specific performance level. Asset allocation does not guarantee loss, it is a method to help manage investment risk. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

Andy Sathe and Chris Cochran are registered representatives with broker/dealer NFP Securities. These individuals in their individual capacities as registered representatives of NFP, may effect securities brokerage transactions on a fully disclosed commission basis. In addition, these associated persons are also licensed insurance agents and in such capacities, may recommend the purchase of certain insurance-related products on a commission basis. No client is under any obligation to purchase commission securities or insurance products.

Item 11 – Code of Ethics , Participation in Client Transactions and Personal Trading

MCF Advisors, LLC has adopted a Code of Ethics that will apply to all of the Firm's supervised persons and sets forth the standard of conduct by which each individual should carry out his/her respective obligations. Specifically, this document presents the Firm's fundamental standard of conduct and shall address issues pertaining to:

- Privacy of Client Non-Public Personal Information
- Insider Trading;
- Personal Securities Transactions;
- Receipt of Gifts;
- Political Contributions.

All supervised persons at MCF Advisors, LLC must acknowledge the terms of the Code of Ethics annually, or as amended.

MCF Advisors, LLC anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which MCF Advisors, LLC has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which MCF Advisors, LLC, its affiliates and/or clients, directly or indirectly, have a position of interest. MCF Advisors, LLC's employees and persons associated with MCF Advisors, LLC are required to follow MCF Advisors, LLC's Code of Ethics.

Subject to satisfying this policy and applicable laws, officers, directors and employees of MCF Advisors, LLC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for MCF Advisors, LLC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MCF Advisors, LLC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of MCF Advisors, LLC's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between MCF Advisors, LLC and its clients.

MCF Advisors, LLC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Andrew Stout.

Item 12 – Brokerage Practices

MCF Advisors, LLC does not receive any financial compensation from brokerage referrals or customized research. MCF Advisors, LLC does receive general research from Schwab Institutional that all other advisors receive.

MCF Advisors, LLC will generally recommend Charles Schwab Institutional for clients in need of custodial services and NFP Securities for clients in need of brokerage services.

MCF Advisors, LLC will occasionally aggregate orders into block trades. Shares are allocated on a prorate basis so all clients receive an average price.

Item 13 – Review of Accounts

MCF Advisors, LLC reviews client portfolio accounts on a daily basis through the use of portfolio accounting software to monitor allocations. MCF Advisors, LLC provides to clients quarterly account statements via mail or during a quarterly meeting. MCF Advisors, LLC also provides

access to our website where clients can view their portfolio on a daily basis. The website is typically updated on a daily basis the morning following the previous day's close.

Item 14 – Client Referrals and Other Compensation

If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written disclosure statement disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. MCF Advisors, LLC urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

MCF Advisors, LLC usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, MCF Advisors, LLC observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, MCF Advisors, LLC's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the

holding of investments once made. Investment guidelines and restrictions must be provided to MCF Advisors, LLC in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, MCF Advisors, LLC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. MCF Advisors, LLC may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. MCF Advisors, LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.