



**Brochure**

**Form ADV Part 2A**

**Item 1 - Cover Page**

Staton Financial Advisors, LLC  
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This brochure provides information about the qualifications and business practices of Staton Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (704) 503.9984 or [info@statonfinancial.com](mailto:info@statonfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Staton Financial Advisors, LLC is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Staton Financial Advisors, LLC also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## **Item 2 - Material Changes**

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include providing a Summary of Material Changes (the “Summary”) reflecting any material changes to our policies, practices, or conflicts of interest made since our last required “annual update” filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on March 21, 2016. Of course the complete Brochure is available to clients at any time upon request.

Our current brochure will be provided as necessary based on changes and/or new information, at any time, without charge by contacting Chief Compliance Officer Mary Staton at 704.503.9984 or [mary.staton@statonfinancial.com](mailto:mary.staton@statonfinancial.com), or from our website, [www.statonfinancial.com](http://www.statonfinancial.com).

Additional information about Staton Financial Advisors, LLC is available on the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s site also provides information about persons affiliated with Staton Financial Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Staton Financial Advisors, LLC.

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#### ***Item 4 - Advisory Business***

Established in 2000, Staton Financial Advisors, LLC (Staton Financial) manages investment accounts for individuals (including high net worth persons), pension and profit-sharing plans, and the trusts and small businesses of our clients. We also manage investments for foundations. Bill Staton is sole principal owner of Staton Financial, located in Charlotte, NC. Bill and Mary Staton, the executive officers of Staton Financial, have a combined 50 years of financial advisory experience. Please see our firm's ***Brochure Supplements***, Exhibit A, for more information regarding their business experience and education.

Staton Financial does not provide formal financial planning services per se. However, in-depth conversations are held with prospective and current clients concerning their financial position, investment objectives, restrictions they may desire such as certain securities or industries, and lifestyle needs. We review this information on at least an annual basis with our clients to allow us to be most sensitive and responsive to their financial needs and wants. We encourage clients to keep us abreast of any lifestyle or financial changes that may occur, and offer assurances that we are accessible at any time.

An individual's portfolio is managed by Staton Financial in accordance with his or her investment objectives, restrictions, and any other information provided verbally and/or in writing. Staton Financial may not always have a complete understanding of a client's overall financial situation, but our assessment of their financial needs and wants helps us nurture and preserve our valued client relationships and their investable assets.

Investments are principally, but not exclusively, made into equity securities of companies that are included within Staton Financial's proprietary list of *America's Finest Companies*® ("AFC"). AFCs are U.S.-based companies with a minimum 10 consecutive years of higher annual dividends.

To implement the client's investment plan, Staton Financial manages a client's investment portfolio on a discretionary basis. As a discretionary investment adviser, Staton Financial has the authority to supervise and direct the portfolio without prior consultation with the client. In a few cases, Staton Financial will advise clients on a non-discretionary basis. In such an arrangement, the client retains the responsibility for all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on Staton Financial in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that such restrictions may adversely affect the composition and performance of their investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for that client's account.

For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Staton Financial.

As of December 31, 2015 we managed or advised \$99,886,685 on a discretionary basis and no assets on a non-discretionary basis. In addition, Staton Financial advises on an additional \$1,825,993.

### ***Item 5 - Fees and Compensation***

#### General Fee Information

Staton Financial generally requires a minimum \$600,000 of investable assets for investment advisory services. All fees paid to Staton Financial for investment advisory services are separate from any fees and expenses charged by third-parties for brokerage and/or custodial services.

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.

Clients should review all relevant documentation when entering into custodial arrangements with such third parties. ***Item 12 - Brokerage Practices*** describes the factors that Staton Financial considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation including commissions.

Clients pay Staton Financial a quarterly fee for its investment advisory services. Fees are calculated on the total value of all assets in a client's account(s) as of the last day of each calendar quarter, as reported by the client's custodian. In any partial calendar quarter, the fee is pro-rated based upon the number of days that the account was open during the quarter.

Fees are payable quarterly, debited in advance and are subject to a minimum quarterly fee of \$1,500 or 0.3125% (1.25% annually), whichever is greater. Depending on the value of the account(s), our minimum fee may result in a fee greater than 2% per annum which would be in excess of industry standards (as determined by the North Carolina Securities Division). Similar services may be available elsewhere for a lower minimum fee.

Prior to engaging our firm to provide investment advisory services, clients are required to enter into a written agreement with us. The agreement shall be in effect until either party gives written notice to the other party of its intention to terminate. The agreement may be terminated, without penalty, by either party. Transactions in progress are completed in the normal course of business. Upon termination, a client shall receive a pro-rata refund of that portion of any prepaid advisory fees that have yet to be earned by us. Such refund is calculated from the date of receipt of the written termination notice.

Our firm reserves the right to change our fee schedule, minimum fees, minimum account sizes and services, to negotiate fees, or to adjust our fees with respect to any client as we deem appropriate in the light of overall facts and circumstances (e.g., existing client relationship, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.) pursuant to the terms of our investment advisory agreement.

The California Code of Regulations requires that all investment advisers disclose the following to their advisory clients:

- i. All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding Staton Financial, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice;
- ii. While Staton Financial endeavors at all times to offer clients its specialized services at reasonable costs, the fees charged by other advisers for comparable services may be lower than the fees charged by Staton Financial.

#### ***Item 6 - Performance-Based Fees and Side-By-Side Management***

Staton Financial Advisors, LLC does not have performance-based fee arrangements. “Side-by-side management” refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Staton Financial Advisors, LLC has no performance-based fee accounts, it has no side-by-side management.

#### ***Item 7 - Types of Clients***

Staton Financial Advisors, LLC generally provides investment advice to the following types of clients: individuals, pension and profit sharing plans, trusts, estates or foundations, and corporations or business entities other than those listed.

As indicated in ***Item 5 – Fees and Compensation***, Staton Financial generally requires a minimum \$600,000 of investable assets for investment advisory services.

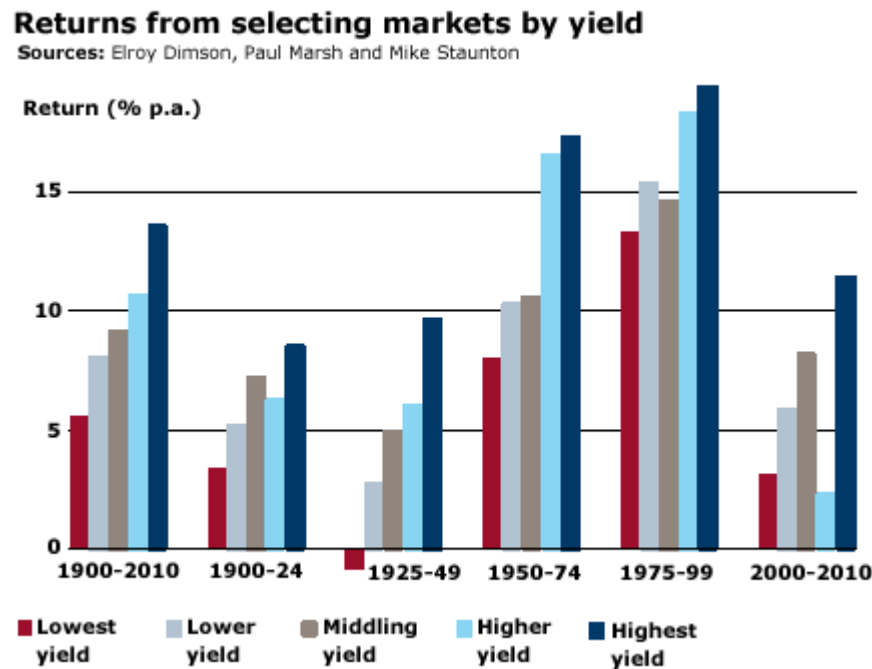
#### ***Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss***

Staton Financial Advisors LLC seeks to provide a reasonable long-term return with below-average risk, above-average yield and a dependable growing stream of annual income.

Investments will principally -- but not exclusively -- be made into the equity securities from SFA’s proprietary list of *America’s Finest Companies®* with a focus on *World-Class Dividend Growers®*.

A 2011 study from the London Business School examined total returns of stocks in 19 countries over the 111 years from 1900 through 2010. The report from the Credit Suisse Global Investment Returns Yearbook noted, “While year-to-year performance is driven by capital gains, long-term returns are heavily influenced by reinvested dividends. The longer the investment horizon, the more important is dividend income.”

In general, higher-yielding stocks produce superior total returns over long periods of time. See graph below.



Source: Credit Suisse Global Investment Returns Yearbook. Triumph of the Optimists: 101 Years of Global Investment Returns, Princeton University Press, 2002. Copyright © 2011 Elroy Dimson, Paul Marsh and Mike Staunton. Used with permission. Past performance is no indication of future results.

As indicated earlier in **Item 4 – Advisory Business**, investments are principally, but not exclusively, made into the equity securities of companies in Staton Financial’s proprietary list of *America’s Finest Companies®* (“AFC”). AFCs are U.S.-based companies with a minimum 10 consecutive years of higher annual dividends through 2013.

Staton Financial uses two proprietary Fair-Value formulas to estimate the intrinsic worth of each company in client portfolios. The formula takes into account several variables – including a conservative projection of long-term growth.

Our firm assesses the financial strength of every company in a client’s portfolio. The majority of companies in which Staton Financial invests are rated “A” by Standard and Poor’s and also carry a *Value Line Investment Survey* safety rating of 1 or 2 on a 1 to 5 scale, one being the highest. Staton Financial is a disciple of Benjamin Graham, the father of modern-day security analysis who taught Warren Buffett at Columbia University. He co-authored the investment bible *Security Analysis* and also wrote *The Intelligent Investor* in 1949.

In *The Intelligent Investor*, Graham recommends three approaches for what he labels “enterprise investing.” Only one of those approaches fits Staton Financial’s *America’s Finest Companies®* investment concept: seeking out large, highest-quality companies that appear to be temporarily ignored by investors.

Graham wrote, “If we assume that it is the habit of the market to overvalue common stocks which have been showing excellent growth or are glamorous for some other reason, it is logical to expect that it will undervalue – relatively, at least – companies that are out of favor because of unsatisfactory developments of a temporary nature. This may be set down as a fundamental law of the stock market, and suggests an investment approach that should prove both conservative and promising.”

“The key requirement is [to] concentrate on the large companies that are going through a period of unpopularity. The large companies have a double advantage over the others [like small-cap companies]. First, they have the resources in capital and brain power to carry them through adversity and back to a satisfactory earnings base. Second, the market is likely to respond with reasonable speed to any improvement shown.” (fourth revised edition, 1973, page 79)

In deciding what types of stocks to add to portfolios, we generally seek larger-sized U.S. companies we believe to be currently disfavored by investors. Typically they have above-average financial strength, many years of rising annual dividends and sell, in our judgment, at a substantial discount to their true worth. We believe this trio of factors significantly reduces the investment risk of owning recommended stocks even when the stock market overall is in a downtrend.

Staton Financial will invest client assets directly into individual stocks, which does carry some risk. Examples of such risks include, without limitation, the risk that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security’s prospects.

While Staton Financial manages client investment portfolios based on Staton Financial’s experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Staton Financial allocates investment funds to assets that are adversely affected by unanticipated market movements, and the risk that Staton Financial’s specific investment choices could underperform the relevant index. Investing in securities involves risk of loss that clients should be prepared to bear. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

### ***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 Staton Financial Advisors, LLC or the integrity of Staton Financial’s management. Staton Financial Advisors, LLC has ***no*** information applicable to this Item.



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

Staton Financial Advisors, LLC is **not** a registered broker dealer, nor do we have any plans to become a registered broker dealer. We do not receive compensation from any other investment advisers for any referrals that we provide. Lastly, we do not have any related persons in any capacity material to our business that would create a conflict of interest with our clients.

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

Staton Financial Advisors, LLC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Staton Financial must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Guiding Principles & Standards of Conduct**

All employees of Staton Financial will act with competence, diligence and integrity, in an ethical manner, when dealing with clients, the public, prospects, third-party service providers and fellow employees. The following set of principles frames the professional and ethical conduct that Staton Financial expects from its employees and consultants:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients and employees;
- Place the integrity of the investment profession, the interests of clients, and the interests of Staton Financial above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential material conflict of interest without first consulting with senior management;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice and act in a professional and ethical manner that will reflect favorably on you and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;

- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

Staton Financial's personal trading policy and procedures also requires employees, officers and members to, among other things: 1) report personal securities transactions on at least a quarterly basis; 2) provide Staton Financial with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees and members have a direct or indirect beneficial interest; and 3) report any violations of the Code of Ethics to Staton Financial.

### ***Item 12 - Brokerage Practices***

If a client does not have a broker, Staton Financial will suggest a broker where commissions and executions are competitive. These brokers may provide research services which benefit all of our clients in addition to offering competitive commissions and execution capabilities.

In the absence of contrary instructions from the client, engagement of Staton Financial to manage assets in the custody of a broker will be treated by Staton Financial as a direction from the client to execute all transactions through that broker. In such a directed brokerage arrangement, Staton Financial is not free to seek best price and execution by placing transactions with other brokers or dealers. Accordingly, the client should consider whether the arrangement may result in disadvantages to the client that are not outweighed by the value of custodial, client reporting and other services provided by the broker.

Brokerage commission rates in the U.S. are not fixed by any authority, but are instead subject to negotiation. Clients that direct Staton Financial to use a particular broker-dealer are responsible for negotiating commission rates and other terms and arrangements for their account. In a directed brokerage arrangement, Staton Financial will not seek better execution services or prices from other broker-dealers. As a result, Staton Financial may not obtain best execution on behalf of the client, who may pay higher commissions, incur greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case if trades were executed with other broker-dealers who may or may not perform similar quality custodial, client reporting and/or other related services.

Staton Financial may be subject to a similar conflict in connection with its interest in receiving research from the broker-dealer and, where the broker-dealer also acts as custodian for the client's account, in realizing certain operational efficiencies by having multiple clients' assets held in custody by the same broker-dealer.

Staton Financial participates in various investment advisory service programs with various brokers, such as Schwab Institutional and Wells Fargo Advisors (together, the "Custodians"). While there is no direct linkage between the investment advice given by and Staton Financial's participation in the programs offered by the Custodians, economic benefits are received which would not be received if Staton Financial did not participate in the program(s).

These benefits may include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving program participants exclusively; ability to have investment advisory fees deducted directly from client account(s); access to an electronic communication network for client order entry and account information; receipt of compliance publications; portfolio accounting software; and participation in broker-sponsored conferences. Specifically, Schwab Institutional may discount or waive fees it would otherwise charge for some of these services.

Staton Financial understands that the benefits received through its participation in these programs generally does not depend upon the amount of transactions directed to, or amount of assets custodied by, the noted brokers. These services are not soft dollar arrangements, but are part of the institutional platform offered by the various brokers.

#### Aggregated Trade Policy

From time to time Staton Financial may enter client trades together as a block when clients, whose accounts are held at the same custodian, have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. Block trading allows Staton Financial to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

#### ***Item 13 - Review of Accounts***

All client portfolios are reviewed on a continuing and on-going basis by Bill Staton, Managing Member and Portfolio Manager. Factors that generally trigger an additional review include, but are not limited to, a lifestyle change of the client, significant changes in market conditions, a change in fundamental valuation of a particular stock, and significant world events.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms.

In addition, Staton Financial will provide other written reports, which may include portfolio positions and valuations, gains and losses and fee information, as needed or requested by the client.

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

As noted above, Staton Financial receives economic benefits from the Custodians in the form of support products and services they make available to Staton Financial and other independent investment advisors whose clients maintain accounts at the Custodians. These products and services, how they benefit our firm, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***. The availability of products and services to Staton Financial is based solely on our participation in the programs and not in the provision of any particular investment

advice. Neither any of the Custodians nor any other party is paid to refer clients to Staton Financial.

#### ***Item 15 - Custody***

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

#### ***Item 16 - Investment Discretion***

Staton Financial 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, such discretion is to be exercised in a manner consistent with the stated investment objectives for each particular client account.

In the few cases where Staton Financial Advisors, LLC accepts *non-discretionary* accounts, the client also generally executes a Limited Power of Attorney ("LPOA"), which allows Staton Financial Advisors, LLC to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between Staton Financial Advisors, LLC and the client, Staton Financial Advisors, LLC does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to Staton Financial Advisors, LLC's agreement with the client and the requirements of the client's custodian.

When selecting securities and determining amounts, Staton Financial observes the investment policies, limitations and restrictions of the clients for which it advises. Staton Financial'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. Any investment guidelines and restrictions must be provided by clients to Staton Financial in writing.

#### ***Item 17 - Voting Client Securities***

Staton Financial Advisors, LLC does ***not*** exercise proxy voting authority over client securities. Each client shall be instructed to inform its custodian that Staton Financial should ***not*** be designated as the party to receive information on voting client proxies.

The obligation to vote client proxies shall at all times rest with the client. Should Staton Financial inadvertently receive proxy information for a security held in a client's account, Staton Financial will immediately forward such information on to the client, but will ***not*** take any further action with respect to the voting of such proxy. Staton Financial may provide advice to clients regarding the clients' voting of proxies.

Additionally, Staton Financial will **not** take any action or render any advice with respect to any securities held in a client account which are named in or subject to class action lawsuits. Staton Financial will, however, forward to the client any information received by Staton Financial regarding class action legal matters involving any security in the client's account.

Clients may contact Staton Financial directly at (704) 503-9984 regarding proxy voting.

***Item 18 - Financial Information***

Staton Financial 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. Therefore, Staton Financial has no required disclosure for this item.

Staton Financial does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this item.