

## DISCLOSURE BROCHURE

# HFG

---

## ADVISORS

**Washington Address:**

8131 W. Grandridge Blvd,  
Suite 201  
Kennewick, WA 99336

Tel: 509-735-7507

**California Address**

2936 Domingo Avenue  
Suite 1  
Berkeley, CA 94705

Tel: 510-384-1009

Fax: 510-740-3654

**Oregon Address:**

727 SE Cass Avenue, Suite 420  
Roseburg, OR 97470

Tel: 541-673-5422

[dwestermeyer@hfgtrust.com](mailto:dwestermeyer@hfgtrust.com)

This brochure provides information about the qualifications and business practices of HFG Advisors, Inc. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 509-735-7507. 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 HFG Advisors, Inc. (CRD #316446) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**MARCH 2024**

## **Item 2: Material Changes**

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last update on June 6, 2023, the following changes have occurred:

- Since the annual amendment filing in March 2013, we removed all references to TD Ameritrade, Inc. due to the transition of moving our clients' managed accounts away from TD Ameritrade, Inc. to Charles Schwab & Company Inc. In November 2019, the two firms announced they had entered into a definitive agreement for Charles Schwab & Company, Inc. to acquire TD Ameritrade in all-stock transaction. As a result of that acquisition, accounts previously held at TD Ameritrade are now Charles Schwab & Company, Inc. accounts. Subsequently, we updated Item 12 of this brochure to remove references to TD Ameritrade and replaced them with Charles Schwab.
- In March 2023, HFG Advisors, Inc. started to offer tax preparation services to clients.
- In June 2023, the firm adjusted our Financial Planning and Consulting fee schedule. Please refer to *Item 5 – Fees and Compensation* for more specific information.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 509-735-7507 or by email at [dwestermeyer@hfgtrust.com](mailto:dwestermeyer@hfgtrust.com).

### **Item 3: Table of Contents**

|  |            |
|--|------------|
| <b>Item 2: Material Changes</b>  | <b>ii</b>  |
| Annual Update  | ii         |
| Material Changes since the Last Update                                     | ii         |
| Full Brochure Available  | ii         |
| <b>Item 3: Table of Contents</b>   | <b>iii</b> |
| <b>Item 4: Advisory Business</b>   | <b>1</b>   |
| Firm Description   | 1          |
| Types of Advisory Services   | 1          |
| Client Tailored Services and Client Imposed Restrictions                   | 9          |
| Wrap Fee Programs  | 9          |
| Client Assets Under Management   | 9          |
| <b>Item 5: Fees and Services</b>   | <b>9</b>   |
| Method of Compensation and Fee Schedule                                    | 9          |
| Client Payment of Fees   | 12         |
| Additional Client Fees Charged   | 13         |
| Prepayment of Client Fees  | 13         |
| External Compensation for the Sale of Securities to Clients                | 13         |
| <b>Item 6: Performance-Based Fees and Side-by-Side Management</b>          | <b>13</b>  |
| Sharing of Capital Gains   | 13         |
| <b>Item 7: Types of Clients</b>  | <b>13</b>  |
| Description  | 13         |
| Account Minimums   | 14         |
| <b>Item 8: Methods of Analysis, Investment Strategies and Risk of Loss</b> | <b>14</b>  |
| Methods of Analysis  | 14         |
| Investment Strategy  | 15         |
| Security Specific Material Risks   | 15         |
| <b>Item 9: Disciplinary Information</b>                                    | <b>17</b>  |
| Criminal or Civil Actions  | 17         |
| Administrative Enforcement Proceedings                                     | 17         |
| Self-Regulatory Organization Enforcement Proceedings                       | 18         |
| <b>Item 10: Other Financial Industry Activities and Affiliations</b>       | <b>18</b>  |
| Broker-Dealer or Representative Registration                               | 18         |

|  |           |
|--|-----------|
| Futures or Commodity Registration .....  | 19        |
| Material Relationships Maintained by this Advisory Business and Conflicts of Interest .....                                      | 19        |
| Recommendations or Selections of Other Investment Advisors and Conflicts of Interest .....                                       | 19        |
| <b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>                      | <b>19</b> |
| Code of Ethics Description .....   | 19        |
| Investment Recommendations Involving a Material Financial Interest and Conflict of Interest .....                                | 20        |
| Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest .....                                 | 20        |
| Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest ..... | 21        |
| <b>Item 12: Brokerage Practices .....</b>  | <b>21</b> |
| Factors Used to Select Broker-Dealers for Client Transactions .....  | 21        |
| Aggregating Securities Transactions for Client Accounts .....  | 23        |
| <b>Item 13: Review of Accounts .....</b>   | <b>23</b> |
| Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved .....                           | 23        |
| Review of Client Accounts on Non-Periodic Basis .....  | 23        |
| Content of Client Provided Reports and Frequency .....   | 24        |
| <b>Item 14: Client Referrals and Other Compensation .....</b>  | <b>24</b> |
| Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest .....                            | 24        |
| Advisory Firm Payments for Client Referrals .....  | 25        |
| <b>Item 15: Custody .....</b>  | <b>25</b> |
| Account Statements .....   | 25        |
| <b>Item 16: Investment Discretion .....</b>  | <b>25</b> |
| Discretionary Authority for Trading .....  | 25        |
| <b>Item 17: Voting Client Securities .....</b>   | <b>26</b> |
| Proxy Votes .....  | 26        |
| <b>Item 18: Financial Information .....</b>  | <b>26</b> |
| Balance Sheet .....  | 26        |
| Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients .....                    | 26        |
| Bankruptcy Petitions during the Past Ten Years .....   | 26        |

|   |           |
|---|-----------|
| <b>SUPERVISED PERSON BROCHURE .....</b> | <b>28</b> |
| Important Disclosures: .....            | 29        |
| Affiliated Companies.....               | 29        |

## **Item 4: Advisory Business**

### **Firm Description**

HFG Advisors, Inc. (“HFG”), also doing business as HFG Advisors was founded in August 2014 and is an investment advisor registered with the Securities and Exchange Commission or SEC. On April 1, 2021, Richard “Rick” D. Prime, sold 100% of his ownership interest in Prime Wealth Management Inc., to HFG Trust, LLC, thus making Prime Wealth Management a wholly-owned subsidiary of HFG Trust, LLC (“HFG Trust”). HFG Trust LLC, is a Washington State limited liability company which received its Trust charter from the State of Washington Department of Financial Institutions, Division of Banks, and is a wholly owned subsidiary of Community First Bank.

HFG is a fee based investment management and financial planning firm. HFG does not act as a custodian of client assets. The client always maintains asset control. HFG also provides financial planning services such as tax planning, tax preparation, legacy planning, educational planning, and financial budgeting for a fee to clients.

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement, risk analysis or similar document. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

HFG will create and manage socially conscious investment portfolios when desired by clients who feel it is important to reflect their values through their investments.

Other professionals (e.g., lawyers, accountants, insurance brokers and agents, etc.) are engaged directly by the client on an as-needed basis. Under CCR Section 260.238(k), HFG, its representatives or any of its employees will disclose to the clients all material conflicts of interest.

### **Types of Advisory Services**

HFG provides investment supervisory services, also known as asset management services and furnishes financial planning.

#### **ASSET MANAGEMENT**

HFG offers comprehensive asset management services on a wrap and non-wrap fee basis as described in Appendix A.

#### **ERISA PLAN SERVICES**

HFG provides services to qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans. HFG may act as either a 3(21) or 3(38) advisor:

**Limited Scope ERISA 3(21) Fiduciary.** HFG may serve as a limited scope ERISA 3(21) fiduciary that can advise, help and assist plan sponsors with their investment

decisions on a non-discretionary basis. As an investment advisor HFG has a fiduciary duty to act in the best interest of the client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using HFG can help the plan sponsor delegate liability by following a diligent process.

HFG offers the following services to the Plan and the Plan participants:

1. Fiduciary Services are:

- a. Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options.
- b. Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations there under.
- c. Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- d. Meet with Client on a periodic basis to discuss the reports and the investment recommendations.
- e. Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c)(5).
- f. Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.

2. Non-fiduciary Services are:

- a. Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands HFG's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, HFG is not providing fiduciary advice as defined by ERISA to the Plan participants. HFG will not provide investment

advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.

- b. Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.
  - c. HFG may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between HFG and Client.
3. HFG has no responsibility to provide services related to the following types of assets ("Excluded Assets"):
- a. Employer securities;
  - b. Real estate (except for real estate funds or publicly traded REITs);
  - c. Stock brokerage accounts or mutual fund windows;
  - d. Participant loans;
  - e. Non-publicly traded partnership interests;
  - f. Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
  - g. Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to HFG under this Agreement.

HFG will not have discretion or custody, at any time, of client funds and/or securities.

**ERISA 3(38) Investment Manager.** HFG can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. HFG would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

1. Fiduciary Services are:

- HFG has discretionary authority and will make the final decision regarding the initial selection, retention, removal and addition of investment options in accordance with the Plan's investment policies and objectives.
- Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan.

- Provide discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands the HFG's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, the HFG is not providing fiduciary advice as defined by ERISA to the Plan participants. HFG will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

HFG may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between HFG and Client.

3. HFG has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- Employer securities;
- Real estate (except for real estate funds or publicly traded REITs);
- Stock brokerage accounts or mutual fund windows;
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to the Adviser on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

Retirement Plan Rollover Recommendations

When HFG provides investment advice about your retirement plan account or individual retirement account ("IRA") including whether to maintain investments and/or proceeds in the retirement plan account, roll over such

investment/proceeds from the retirement plan account to a IRA or make a distribution from the retirement plan account, we acknowledge that HFG is a “**fiduciary**” within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”) as applicable, which are laws governing retirement accounts. The way HFG makes money creates conflicts with your interests so HFG operates under a special rule that requires HFG to act in your best interest and not put our interest ahead of you.

Under this special rule’s provisions, HFG must act as a fiduciary to a retirement plan account or IRA under ERISA/IRC:

- Meet a professional standard of care when making investment recommendations (e.g., give prudent advice);
- Never put the financial interests of HFG ahead of you when making recommendations (e.g., give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that HFG gives advice that is in your best interest;
- Charge no more than is reasonable for the services of HFG; and
- Give Client basic information about conflicts of interest.

To the extent we recommend you roll over your account from a current retirement plan account to an individual retirement account managed by HFG, please know that HFG and our investment adviser representatives have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by HFG. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by HFG.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in HFG receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by HFG and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to you regarding a retirement plan account or IRA, our investment adviser representatives will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of HFG or our affiliated personnel.

#### Tax Advisory and Preparation Services

Tax return preparation services are offered to HFG clients for an additional fee.

Services can include:

- Individual income tax
- Trust tax returns
- Business tax returns
- Estate tax returns

These services are provided as an additional service. The tax preparation fee is in addition to the client's wealth management fee. In limited circumstances, at HFG's discretion, tax preparation services are included as part of the standard wealth management fee being charged to a client (HFG, in its sole discretion, can waive or negotiate fees). No client is under any obligation to engage HFG for tax preparation services.

#### FINANCIAL PLANNING AND CONSULTING

If financial planning services are applicable, HFG offers the packages below.

### One-time consultation services:

Services for one-time consultations include but are not limited to:

- A thorough review of all applicable topics including:

### Scope of Services

- Personal Income and Net Worth Report(s)
- Asset Allocation and Investment Analysis
- General Analysis and Planning
- Education Planning
- Retirement Planning and Analysis
- Estate Planning
- Stock Options and Concentrated Stock Positions
- Insurance Planning
- Business Financial Advice
- Business Retirement/Succession Planning
- Strategic Tax Advice
- Real Estate Analysis
- Corporate Retirement Plan Review
- Risk Management
- Social Security Analysis
- Tax Preparation

Financial plans will be completed and delivered inside of forty-five (45) days dependent upon timely client delivery of required documentation. Clients may terminate advisory services with thirty (30) days written notice.

### Ongoing consultation services:

When ongoing services are required HFG will provide services to help the client clearly identify goals, set a framework for success, and ensure that you have an accountability partner to help keep you on track to a successful financial future. Ongoing consulting services will be offered on the Scope of Services above.

Clients that participate in the ongoing services program can expect the following:

- One quarterly meeting up to 60 minutes in person, via telephone or online interface to determine financial goals and values, what the client's current financial picture looks like (including assets, debts, income and spending), and what current limitations or hurdles the client may be facing. Client shall be responsible for providing a completed Client profile or other required documents prior to this meeting, at this meeting or within a reasonable time after this meeting.
- One quarterly meeting up to 45 minutes to deliver financial planning recommendations, action items, and a prioritized "to-do" list.
- One quarterly check-in phone call or e-mail up to 30 minutes for accountability, encouragement and to address ongoing services.

California Code of Regulations, 10 CCR Section 260.235.2, requires that any conflict of interest which exists between the interests of the investment advisor and the interests of the client when offering financial planning services be disclosed. The client is under no obligation to act upon the investment advisor's recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through HFG.

Client may cancel within five (5) business days of signing Agreement without any obligation.

#### Referral Of Third-Party Money Managers

HFG offers advisory services by referring clients to a third-party money manager offering asset management and other investment advisory services. The third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. As a result of the referral, we are paid a portion of the fee charged and collected by the third-party money managers in the form of solicitor fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager. The third-party money manager may take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any trading authority with respect to your designated account managed by the third-party money manager.

Although we review the performance of numerous third-party investment adviser firms, we enter into only a select number of relationships with third-party investment adviser firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, HFG has a conflict of interest in that it will only recommend third-party investment advisors that will agree to compensate us for referrals of our clients.

Clients are advised that there may be other third-party managed programs not recommended by our firm, that are suitable for the client and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment adviser recommended by our firm. Further, no guarantees of performance can ever be offered by our firm *(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more details.)*

## SEMINARS AND WORKSHOPS

HFG holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given.

## **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

## **Wrap Fee Programs**

HFG sponsors a wrap fee program. The client pays one fee to HFG which includes HFG's Management Fee and the transaction costs associated with the transactions. More information is available in the Form ADV Part 2, Appendix 1.

## **Client Assets Under Management**

As of December 31, 2023, HFG has \$250,160,836 of assets under management. \$3,171,019 managed on a non-discretionary basis and \$246,989,817 are managed on a discretionary basis.

## **Item 5: Fees and Services**

HFG Advisors may engage at its discretion affiliated service provider(s) to provide certain administrative and back-office services related to the asset management services provided by HFG Advisors to the Account. Such services provided by service provider(s) may include, but are not necessarily limited to, access to service provider's technology platform and/or assistance with data reconciliation, performance and/or position reporting, fee calculation and billing, marketing and presentation materials, client database maintenance, quarterly performance evaluations, payable reports, web site administration, order entry, and other functions related to the administrative tasks of providing investment advisory services to the Account. Due to these arrangements, such service provider(s) will have access to the Account and/or Client's information but will not serve as an investment advisor to Client.

## **Method of Compensation and Fee Schedule**

HFG bases its fees on a percentage of assets under management, hourly charges and fixed fees.

## ASSET MANAGEMENT

The fees for a HFG Advisors' client in the non-wrap program are described below:

- 1% on balances up to \$500,000, plus

- .8% on balances between \$500,000 and \$1.5 million, plus
- .6% on balances over \$1.5 million

The compensation of HFG for asset management services is described in detail in the HFG Investment Advisor agreement. Fees for clients in the HFG Advisors' wrap program are described in Form ADV Part 2 Appendix 1.

#### ERISA PLAN SERVICES

The annual fees are based on the market value of the Included Assets. The initial fee will be based on the market value of the Plan assets as calculated by the custodian or record keeper of the Included Assets on the last business day of the initial fee period. Fees will either be based on a maximum annual fee of 1% of the plan assets or a maximum flat fee not to exceed \$25,000, depending on the plan. For fees based on the percentage of plan assets, if the services provided start any time other than the first day of a quarter or month, the fee will be prorated based on the number of days remaining in the initial fee period. Thereafter, the fee will be based on the market value of the Plan assets on the last business day of the fee period (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets) and will be due the following business day. If this Agreement is terminated prior to the end of the fee period, Client shall be entitled to a prorated refund based on the number of days during the fee period services were not provided. Any unearned fees shall be refunded to the Plan or Plan Sponsor.

The annual investment advisory fee ("Annual Fee") schedule is described below:

- .8% on balances up to \$1 million, plus
- .6% on balances between \$1 million and \$2 million, plus
- .4% on balances between \$2 million and \$5 million, plus
- .25% on balances over \$5 million

The compensation of HFG for the services is described in detail in the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Fees will either be billed direct to the client or deducted from plan assets. HFG does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, HFG will disclose this compensation, the services rendered, and the payer of compensation. HFG will offset the compensation against the fees agreed upon under this Agreement.

## Tax Advisory and Preparation Service

Our fees for tax advisory and preparation services are not typically included in our fees for comprehensive wealth management. Client are charged an additional fee based on the type and complexity of the tax return. Fees are billed upon completion. Generally, the fees to prepare tax returns are provided below.

- Individual income tax returns range from \$500 to \$1,500
- Trust tax returns range from \$400 to \$1,000
- Business tax returns range from \$500 to \$2,000
- Estate tax returns range from \$850 to \$10,000

No client is under any obligation to engage HFG for tax preparation services.

## FINANCIAL PLANNING and CONSULTING

### One-time consultation

Financial planning services for one-time consultations are offered on either an hourly fee or fixed fee basis. Prior to the planning process the client will be provided an estimated plan fee. The services include, but are not limited to, a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance. The payments are received in two installments; the first half at the commencement of the plan, with the balance due upon completion. Services are completed and delivered inside of forty-five (45) days. Client may cancel within five (5) business days of signing Agreement without any obligation. If the client cancels after five (5) business days, Client will be due a refund for any unearned fees or HFG is entitled to any earned fees.

### HOURLY FEES

Financial Planning Services are offered based on an hourly fee of \$250 per hour.

### FIXED FEES

Financial Planning Services are offered based on flat fees between \$2,000 and \$5,000.

### Ongoing consultation

HFG requires a quarterly fee or a monthly fee. Fees shall range from \$75 to \$2,500 per month or quarter depending on the scope of the services and complexity of the ongoing consulting services. The balance of fees due are payable monthly or quarterly at the end of each month/quarter. Services to be provided and the anticipated fee range are detailed in the written Financial Planning Agreement.

If the client cancels within five (5) business days, no fees will be due. If Client cancels after five (5) business days, Client will be due a refund for any unearned fees or HFG is entitled to any earned fees. Consulting services will continue from year to year unless cancelled in writing by either party.

### Third-Party Money Managers

Third-party managers generally have account minimum requirements that will vary among third-party money managers. Account minimums are generally higher on fixed income accounts than for equity-based accounts. A complete description of the third-party money manager's services, fee schedules and account minimums will be disclosed in the third-party money manager's disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

The actual fee charged to you will vary depending on the third-party money manager. All fees are calculated and collected by the third-party money manager who will be responsible for delivering our portion of the fee paid by you to us.

Under this program, you may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees.

We have a conflict of interest by only offering those third-party money managers that have agreed to pay a portion of their advisory fee to us and have met the conditions of our due diligence review. There may be other third-party money managers that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

### SEMINARS AND WORKSHOPS

HFG does not charge a fee for attendance to seminars.

### **Client Payment of Fees**

Investment management fees are billed quarterly in arrears, meaning we bill you at the end of the quarter. The quarterly investment management fee is based on the average daily balance of the Client's account(s) during the quarter as valued by the custodian. If an account is opened after the start of the calendar quarter, a prorated fee will be billed. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Financial Planning Fees are due half upfront and half upon delivery of the completed plan.

## **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

HFG, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

## **Prepayment of Client Fees**

Investment management fees are billed quarterly in arrears based on the average daily balance of the Client's account(s) during the quarter as valued by the custodian.

If the client cancels after five (5) days, any unearned fees will be refunded to the client

## **External Compensation for the Sale of Securities to Clients**

HFG does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of HFG.

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

### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

HFG does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7: Types of Clients**

### **Description**

HFG generally provides investment advice to individuals, high net worth individuals, charitable organizations, and pension and profit sharing plans. Client relationships vary in scope and length of service.

## **Account Minimums**

HFG requires a minimum of \$500,000 to open an account, but the firm does have the discretion to accept accounts with less assets. Accounts with fewer assets are accepted as an accommodation to clients with multiple accounts, and/or for those making regular additions to their account(s). HFG's target minimum is \$500,000, as it allows for greater diversification opportunities and allocation flexibility.

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

### **Methods of Analysis**

HFG's method of investment selection is based on the premise that asset allocation is the primary determinant of a portfolio's return variability, with security selection and market-timing playing minor roles, although HFG may employ a wide range of methods to manage portfolios and evaluate investments. HFG's analysis is based on sources of information from academic research materials, corporate rating services, financial publications, annual reports, prospectuses, and filings with the SEC.

HFG's investment philosophy is grounded in Modern Portfolio Theory, which refers to the process of reducing risk in a portfolio through systematic diversification across and within asset classes. HFG typically adheres to the passive style of investing and, thus, recommends passive, asset-class mutual funds and exchange-traded funds. HFG typically does not recommend individual stocks, bonds or actively managed mutual funds in its asset allocation strategies and portfolio recommendations to clients.

HFG analyzes mutual funds recommended to clients based on the fund's total operating expenses, portfolio turnover, investment objective and investment restrictions and limitations. HFG typically recommends that clients invest in exchange traded funds and no-load institutional mutual funds that have low operating expenses, low portfolio turnover, below-average capital gains distributions and a fundamental investment objective of investing in a particular asset class.

HFG believes in diversified asset-class exposure obtained primarily through a diversified mix of low cost mutual funds and exchange-traded funds that represent desired asset classes. Mutual funds and exchange traded funds recommended by HFG typically invest in some or all of the following types of securities:

- U.S. Stocks of any market capitalization
- Foreign Stocks, including Emerging Markets
- Investment Grade Fixed Income Securities (Domestic and Foreign)
- U.S. Government and Government Agency Securities
- Real Estate Investment Trusts (Domestic and Foreign)
- Natural Resources and Commodity Funds

- Money market funds

## **Investment Strategy**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement or Risk Tolerance Questionnaire that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

## **Security Specific Material Risks**

Investing in securities involves risk of loss that clients should be prepared to bear. Risk refers to the possibility that you will lose money (both principal and any earnings) or fail to make money on an investment. HFG cannot guarantee that it will achieve a client's investment objective. Investors face the following investment risks and should discuss these risks with HFG:

- *Market Risk:* The prices of securities held by mutual funds in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a

standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a client invests in open end mutual funds or ETFs, the client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. HFG has no control over the risks taken by the underlying funds in which client invests.
- *REIT Risk:* To the extent that a client invests in REITs, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions,

(iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

- *Derivatives Risk:* Funds in a client's portfolio may use derivative instruments. The value of these derivative instruments derives from the value of an underlying asset, currency or index. Investments by a fund in such underlying funds may involve the risk that the value of the underlying fund's derivatives may rise or fall more rapidly than other investments, and the risk that an underlying fund may lose more than the amount that it invested in the derivative instrument in the first place. Derivative instruments also involve the risk that other parties to the derivative contract may fail to meet their obligations, which could cause losses.
- *Foreign Securities Risk:* Funds in which clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

## **Item 9: Disciplinary Information**

### **Criminal or Civil Actions**

The firm and its management have not been involved in any criminal or civil action required to be reported.

### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings required to be reported.

## **Self-Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients required to be reported.

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

### **Broker-Dealer or Representative Registration**

HFG is not registered as a broker-dealer and no affiliates are registered representatives of a broker-dealer.

### **Affiliated Companies**

#### **HFG Trust, LLC**

As mentioned above HFG Advisors is owned by HFG Trust. HFG Trust is a wholly owned subsidiary of Community First Bank. HFG Advisors is registered as an investment adviser and is the entity through which investment advisory services are provided to you. HFG Trust, LLC is chartered as a trust company by the State of Washington Department of Financial Institutions, Division of Banks. Many of the supervised persons of HFG Advisors are also employees of HFG Trust, LLC, and therefore, HFG Advisors and its supervised persons have an economic incentive to recommend the services of HFG Trust, LLC which is a conflict of interest. HFG Advisors and its associated persons may recommend clients utilize HFG Trust, LLC for record-keeping services, administration services, and/or trustee services, but HFG Advisors will only recommend HFG Trust, LLC when in the best interest of a client. A client of HFG Advisors always retains the right to utilize a trust company which is not affiliated with HFG Advisors.

### **Community First Bank**

As mentioned above Community First Bank is the 100% owner of HFG Trust, the parent company of HFG Advisors. Community First Bank offers a range of banking services, including commercial, financial, agricultural and real estate loans, and retail banking services, including accepting customary types of demand and savings deposits, making individual, consumer, installment, first mortgage and second mortgage loans, offering money transfers, safe deposit services, IRA, Keogh and other fiduciary services, automated banking and automated fund transfers. Investment advisory accounts advised or managed by HFG Advisors are not guaranteed or insured by the FDIC. The assets held in an investment advisory account at HFG Advisors are not considered deposits or obligations of Community First Bank and are not endorsed by or guaranteed by Community First Bank. Assets held in investment advisory accounts established through HFG Advisors are subject

to investment risk, including fluctuations in value and earnings and possible loss of principal amount invested.

Clients may be referred to Community First Bank if trust or banking services are deemed suitable. Since Community First Bank is a related company to HFG Advisors this is a conflict of interest. To mitigate this conflict clients are under no obligation to utilize the services of Community First Bank and may use any bank they may desire.

### **Futures or Commodity Registration**

Neither HFG nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Rick Prime carries an insurance license in California and Oregon in order to provide consulting on insurance matters. Less than 1% of his time is spent on insurance consulting. Insurance activities are limited to advice or consulting, and no sale is conducted for insurance-related products by the Company, or Rick personally, therefore no commissions are received.

Any potential conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the clients first and clients are not required to purchase any products. Clients have the option to purchase these products through an insurance agent or broker of their choosing.

### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

HFG has developed programs, previously described in Item 5 of this disclosure brochure, designed to allow us to recommend and select third-party money managers for you. Once you select the third-party money manager to manage all or a portion of your assets, the third-party money manager will pay us a portion of the fees you are charged. Please refer to Items 4 and 5 for full details regarding the programs, fees, conflicts of interest and materials arrangements when HFG selects other investment advisers.

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

#### **Code of Ethics Description**

The employees of HFG have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of HFG employees and addresses conflicts that may arise. The Code defines acceptable behavior for

employees of HFG. The Code reflects HFG and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

HFG's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of HFG may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

HFG's Code is based on the guiding principle that the interests of the client are our top priority. HFG's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

## **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

HFG and its employees do not recommend to clients securities in which we have a material financial interest.

## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

HFG and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide HFG with copies of their brokerage statements.

The Chief Compliance Officer of HFG is Drew Westermeyer. He or his designee reviews all employee trades each quarter. The personal trading reviews helps

mitigate that the personal trading of employees does not affect the markets and that clients of the firm have not received preferential treatment over employee trades.

### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

HFG does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide HFG with copies of their brokerage statements.

The Chief Compliance Officer of HFG is Drew Westermeyer. He or his designee reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

### **Item 12: Brokerage Practices**

#### **Factors Used to Select Broker-Dealers for Client Transactions**

HFG may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, Pershing LLC, (Pershing) member FINRA, NYSE, SIPC, a subsidiary of The Bank of New York Mellon Corporation, Capital Bank and Trust Company (CB&T) a SEC registered subsidiary of The Capital Group Companies, Inc., Inspira Financial Trust, LLC or the Federal Home Loan Bank of Des Moines to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab or Pershing is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. HFG is independently owned and operated and not affiliated with Schwab or Pershing. Schwab and Pershing provide HFG with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge if account minimums are met. Schwab's and Pershing's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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.

For HFG client accounts maintained in its custody, Schwab and Pershing generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed at the custodian.

Schwab, and other custodians may make available to HFG other products and services that benefit HFG but may not benefit its clients' accounts. These benefits may include national, regional or HFG specific educational events organized and/or sponsored by the custodian. Other potential benefits may include occasional business entertainment of personnel of HFG, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist HFG in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of HFG's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of HFG's accounts. Schwab Advisor Services and Pershing may also make available to HFG other services intended to help HFG manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to HFG by independent third parties. Schwab Advisor Services or Pershing may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to HFG. While, as a fiduciary, HFG endeavors to act in its clients' best interests, HFG's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to HFG of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

- *Directed Brokerage*

In circumstances where a client directs HFG to use a certain broker-dealer, HFG still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: HFG's inability to negotiate commissions and obtain volume discounts, there may be a disparity in commission charges among clients, and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by HFG from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, HFG receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of HFG. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when HFG receives soft dollars. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to act in the best interest of its clients and the services received are beneficial to all clients.

## **Aggregating Securities Transactions for Client Accounts**

HFG may aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of HFG. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

## **Item 13: Review of Accounts**

### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by Drew Westermeyer, Chief Compliance Officer, or his designees. Account reviews are performed more frequently when market conditions dictate. Advisor does not provide written statements to client. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

## **Content of Client Provided Reports and Frequency**

Clients have available account statements no less than quarterly for managed accounts. Account statements are issued by HFG's custodian. Client receives confirmations of each transaction in their account from Custodian and an additional statement during any quarter in which a transaction occurs. Clients may elect to receive access to statements and transaction notification electronically. In addition, portfolio software is made available to all clients which gives access to account balances, positions and transactions for the current date or any prior date the account was in existence. HFG's portfolio software will also make available asset allocation and performance reports to clients on demand. Physical performance reports are made available to clients upon request.

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

#### **Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest**

HFG Advisors is owned by HFG Trust, LLC. HFG Trust, LLC is chartered as a trust company by the State of Washington Department of Financial Institutions, Division of Banks. HFG Trust may refer clients to HFG Advisors. As a result, the employees of HFG Trust, LLC have a conflict of interest when recommending HFG Advisors. A prospective client referred by HFG Trust, LLC is under no obligation to utilize the investment advisory services of HFG Advisors. A prospective client referred by HFG Advisors is urged to make his or her own independent investigation and evaluation of HFG Advisors.

A client referred to HFG Advisors by a HFG Trust, LLC should understand the following:

- HFG Advisors is not a bank or any other type of financial depository institution.
- With respect to the securities recommended or selected by HFG Advisors, such securities:
  - ✓ Are not insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA);
  - ✓ Are not endorsed or guaranteed by the bank or credit union; and
  - ✓ Are subject to investment risks, including possible loss of principal invested.

HFG Trust (owner of HFG Advisors) is the general partner and asset manager for HFG Income Fund, a private investment vehicle. HFG Advisors is paid a fee for any clients that invest in the HFG Income Fund. This creates a conflict of interest which

is mitigated by only allowing qualified, suitable clients to be referred to the fund for participation.

### **Advisory Firm Payments for Client Referrals**

HFG does not compensate for client referrals nor does it receive compensation for referrals.

### **Item 15: Custody**

#### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record or make available electronically at least quarterly. Clients are urged to compare the account statements received directly from their custodians to the performance report information made available to clients by HFG's portfolio software.

HFG is deemed to have constructive custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of HFG. HFG will adhere to the following safeguards:

- Provide the client an invoice electronically (or physically if requested) stating the amount of the fee prior to being deducted;
- Obtain written authorization signed by the client allowing such fees to be deducted; and
- The client will receive or be made available electronically quarterly statements directly from the custodian which disclose the fees deducted.

### **Item 16: Investment Discretion**

#### **Discretionary Authority for Trading**

HFG requires discretionary authority to manage securities accounts on behalf of clients. HFG has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

HFG allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments.

The client approves the custodian to be used and the commission rates paid to the custodian. HFG does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

## **Item 17: Voting Client Securities**

### **Proxy Votes**

HFG does not vote proxies on securities. Clients are expected to vote their own proxies. Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in client portfolios.

When assistance on voting proxies is requested, HFG will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

### **Balance Sheet**

A balance sheet is not required to be provided because HFG does not serve as a custodian for client funds or securities and HFG does not require prepayment of fees of more than \$500 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

HFG has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Bankruptcy Petitions during the Past Ten Years**

No bankruptcy petitions to report.

This page is intentionally left blank

**SUPERVISED PERSON BROCHURE**

FORM ADV PART 2B

# HFG

---

## ADVISORS

**Washington Address:**  
8131 W. Grandridge Blvd  
Kennewick, WA 99336

Tel: 509-735-7507

**California Address:**  
2936 Domingo Avenue  
Suite 1  
Berkeley, CA 94705

Tel: 510-384-1009  
Fax: 510-740-3654

**Oregon Address:**  
727 SE Cass Avenue, Suite 420  
Roseburg, OR 97471

Tel: 541-673-5422

[dwestermeier@hfgtrust.com](mailto:dwestermeier@hfgtrust.com)

This brochure supplement provides information about our representatives and supplements HFG Advisors, Inc.'s brochure. You should have received a copy of that brochure. Please contact us at 509-735-7507 if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about our advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**MARCH 2024**

## **Important Disclosures:**

### **Affiliated Companies**

#### **HFG Trust, LLC**

As mentioned above HFG Advisors is owned by HFG Trust. HFG Trust is a wholly owned subsidiary of Community First Bank. HFG Advisors is registered as an investment adviser and is the entity through which investment advisory services are provided to you. HFG Trust, LLC is chartered as a trust company by the State of Washington Department of Financial Institutions, Division of Banks. Many of the supervised persons of HFG Advisors are also employees of HFG Trust, LLC, and therefore, HFG Advisors and its supervised persons have an economic incentive to recommend the services of HFG Trust, LLC which is a conflict of interest. HFG Advisors and its associated persons may recommend clients utilize HFG Trust, LLC for record-keeping services, administration services, and/or trustee services, but HFG Advisors will only recommend HFG Trust, LLC when in the best interest of a client. A client of HFG Advisors always retains the right to utilize a trust company which is not affiliated with HFG Advisors.

#### **Community First Bank**

As mentioned above Community First Bank is the 100% owner of HFG Trust, the parent company of HFG Advisors. Community First Bank offers a range of banking services, including commercial, financial, agricultural and real estate loans, and retail banking services, including accepting customary types of demand and savings deposits, making individual, consumer, installment, first mortgage and second mortgage loans, offering money transfers, safe deposit services, IRA, Keogh and other fiduciary services, automated banking and automated fund transfers. Investment advisory accounts advised or managed by HFG Advisors are not guaranteed or insured by the FDIC. The assets held in an investment advisory account at HFG Advisors are not considered deposits or obligations of Community First Bank and are not endorsed by or guaranteed by Community First Bank. Assets held in investment advisory accounts established through HFG Advisors are subject to investment risk, including fluctuations in value and earnings and possible loss of principal amount invested.

Clients may be referred to Community First Bank if trust or banking services are deemed suitable. Since Community First Bank are related companies to HFG Advisors this is a conflict of interest. To mitigate this conflict clients are under no obligation to utilize the services of Community First Bank and may use any bank they may desire.

## **Financial Adviser**

Richard D. Prime (“Rick”)

Year of birth: 1956

## **Item 2 Educational Background and Business Experience**

### **Educational Background:**

University of Wisconsin; Bachelor of Business Administration; Actuarial Science, Quantitative Analysis and Risk Management; 1978

University of Chicago, Booth School of Business; Masters of Business Administration; Finance and Marketing; 1982

### **Business Experience:**

#### **HFG Advisors, Inc.**

Financial Advisor/Investment Advisor Representative: 04/2021 to Present

#### **Prime Wealth Management, Inc.**

President/Investment Advisor Representative: 08/2014 to 03/2021

#### **Rick Prime, Sole Proprietor**

Independent Insurance Agent: 04/2004 to 04/2021

#### **Umpqua Community College**

Part Time Instructor: 02/2019 to Present

#### **Toolwire, Inc.**

Consultant: 12/2013 to 03/2015

Chief Financial Officer: 06/2003 to 11/2013

#### **Various Private Technology Companies**

Chief Financial Officer: 06/1994 to 05/2003

## **Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

**Certified Financial Planner (CFP®):** Certified Financial Planner is a designation granted by the CFP® Board. CFP® requirements:

- Bachelor’s degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP® Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.

- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

When you achieve your CFP® designation, you must renew your certification annually; pay a certification fee and complete 30 hours of continuing education every two years.

### **Item 3 Disciplinary Information**

None to report

### **Item 4 Other Business Activities**

Rick Prime is a part time financial literacy instructor. Less than two hours a month is spent in this activity. This does not create a conflict of interest.

Finally, Mr. Prime conducts business as the owner of a real estate property. Less than 5% of his time is spent on this activity. This does not represent a conflict of interest as the activity is not investment related.

### **Item 5 Performance Based Fee Description**

Mr. Prime is compensated for rental of real estate and is compensated as a part-time instructor, but he does not receive performance-based fees.

### **Item 6 Supervision**

Mr. Prime is supervised by Drew Westermeyer. Mr. Westermeyer reviews Mr. Prime's work through frequent office interactions and through our client relationship management system. He will adhere to the policies and procedures as described in the firm's Compliance Manual. Mr. Westermeyer can be reached at 509-735-7507.

## **Managing Director**

William Wang (“Will”)

Year of Birth: 1986

## **Item 2 Educational Background and Business Experience**

### **Educational Background:**

Graduate of Brigham Young University Hawaii, 2011 with a major in Business Management Finance

### **Business Experience:**

#### **HFG Advisors, Inc.**

Managing Director/Investment Advisor Representative: 09/2021 to Present

#### **HFG Trust LLC**

Managing Director: 01/2016 to Present

#### **Haberling Financial Group**

Part Time Instructor: 01/2011 to 12/2015

## **Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

**Certified Financial Planner (CFP®):** Certified Financial Planner is a designation granted by the CFP® Board. CFP® requirements:

Bachelor’s degree from an accredited college or university.

Completion of the financial planning education requirements set by the CFP® Board ([www.cfp.net](http://www.cfp.net)).

Successful completion of the 10-hour CFP® Certification Exam.

Three-year qualifying full-time work experience.

Successfully pass the Candidate Fitness Standards and background check.

When you achieve your CFP® designation, you must renew your certification annually; pay a certification fee and complete 30 hours of continuing education every two years.

## **Item 3 Disciplinary Information**

None to report

**Item 4 Other Business Activities**

William Wang is the Managing Director of HFG Trust LLC, a Washington state-chartered trust company. Approximately 75% of his time is spent as Managing Director of HFG Trust. This represents a possible conflict of interest as Mr. Wang has an incentive to recommend HFG Trust for trust services.

Finally, Mr. Wang conducts business as the owner of Mustang Signs LLC, a sign production company. Less than 5% of his time is spent on this activity. This does not represent a conflict of interest as the activity is not investment related.

**Item 5 Performance Based Fee Description**

Mr. Wang is compensated for being Managing Director of HFG Trust, but he does not receive performance-based fees. Mr. Wang is compensated for being an owner of Mustang Signs LLC, but he does not receive performance-based fees.

**Item 6 Supervision**

Mr. Wang is supervised by Drew Westermeyer. Mr. Westermeyer reviews Mr. Wang's work through frequent office interactions and through our client relationship management system. He will adhere to the policies and procedures as described in the firm's Compliance Manual. Mr. Westermeyer can be reached at 509-735-7507.

## **Financial Adviser**

Nicholas S. Hengl

Year of birth: 1986

## **Item 2 Educational Background and Business Experience**

Educational Background:

University of California, Santa Barbara, Bachelor's degree in Psychology, Education: 2009

### **Business Experience:**

#### **HFG Advisors, Inc.**

Financial Advisor/Investment Advisor Representative: 11/2021 to Present

#### **Fisher Investments**

Investment Counselor: 02/2019 to 10/2021

#### **JP Morgan Chase Bank, NA,**

Banker: 04/2017 to 01/2019

#### **Forex Capital Markets**

Account Manager: 05/2015 to 03/2017

#### **Maverick Trading**

Proprietary Forex Trader: 10/2014 to 05/2015

#### **Edward Jones Investments**

Financial Advisor: 09/2013 to 09/2014

#### **University of California, San Francisco**

09/2009 to 07/2013

## **Professional Certifications**

Employee has earned certifications and credentials that are required to be explained in further detail.

**Enrolled Agent (EA):** An enrolled agent is a person who has earned the privilege of representing taxpayers before the Internal Revenue Service by passing a three-part comprehensive IRS test covering individual and business tax returns. Individuals who obtain EA status must adhere to ethical standards and complete 72 hours of continuing education courses every three years.

## **Item 3 Disciplinary Information**

None to report.

**Item 4 Other Business Activities**

None to report.

**Item 5 Performance Based Fee Description**

Mr. Hengl does not receive performance-based fees.

**Item 6 Supervision**

Mr. Hengl is supervised by Drew Westermeyer. Mr. Westermeyer reviews Mr. Hengl's work through frequent office interactions and through our client relationship management system. He will adhere to the policies and procedures as described in the firm's Compliance Manual. Mr. Westermeyer can be reached at 509-735-7507.

**Financial Adviser**

Anthony M. Smith

Year of birth: 1979

**Item 2 Educational Background and Business Experience**

Educational Background:

University of Washington, Bachelor's degree in Business: 2002

**Business Experience:****HFG Advisors, Inc.**

Financial Advisor/Investment Advisor Representative: 04/2022 to Present

**HFG Trust and Community First Bank**

Portfolio Manager and Financial Advisor, 12/2019 to Present

**Columbia Bank**

Commercial Lender: 05/2018 to 11/2019

**Washington Capital Management**

Portfolio Manager: 06/2011 to 04/2018

**Professional Certifications****Chartered Financial Analyst (CFA)**

The Chartered Financial Analyst (CFA) designation is issued by the CFA Institute, formerly known as the Association for Investment Management and Research (AIMR). The CFA Program is a graduate-level program for investment specialists such as securities analysts, money manager, and investment advisers. To become a CFA charter holder, an individual must have at least four years of acceptable professional experience in the investment decision-making process, must pass three sequential, six-hour examinations. Each of the 3 course level exams must be passed and each course level is a self-study program involving approximately 250 hours of study time. There are no continuing education requirements to maintain the CFA designation. CFA charter holders must commit to abide by and annually reaffirm adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

**Certified Financial Planner (CFP®):**

Certified Financial Planner is a designation granted by the CFP® Board. CFP® requirements:

- Bachelor's degree from an accredited college or university.

- Completion of the financial planning education requirements set by the CFP® Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

When you achieve your CFP® designation, you must renew your certification annually; pay a certification fee and complete 30 hours of continuing education every two years.

### **Item 3 Disciplinary Information**

None to report.

### **Item 4 Other Business Activities**

Anthony Smith is a Financial Advisor at HFG Trust LLC, a Washington state-chartered trust company. Approximately 75% of his time is spent as Financial Advisor at HFG Trust. This represents a possible conflict of interest as Mr. Smith has an incentive to recommend HFG Trust for trust services.

### **Item 5 Performance Based Fee Description**

Mr. Smith is compensated for being Financial Advisor at HFG Trust, but he does not receive performance-based fees.

### **Item 6 Supervision**

Mr. Smith is supervised by Drew Westermeyer. Mr. Westermeyer reviews Mr. Smith's work through frequent office interactions and through our client relationship management system. He will adhere to the policies and procedures as described in the firm's Compliance Manual. Mr. Westermeyer can be reached at 509-735-7507.

## **Investment Advisor Representative**

Cody A. Beaumont

Year of birth: 1992

## **Item 2 Educational Background and Business Experience**

### **Educational Background:**

Washington State University, Bachelor's degree in Accounting: 2016

Wenatchee Valley Community College, Associates Degree in General Education:  
2011

### **Business Experience:**

#### **HFG Advisors, Inc.**

Investment Advisor Representative: 08/2022 to Present

#### **HFG Trust**

Financial Planner: 11/2021 to Present

#### **Rosewood Family Advisors LLP**

Senior Tax Accountant: 05/2019 to 10/2021

#### **Pacific Scientific Energetic Materials Company**

Financial Analyst: 08/2018 to 12/2019

#### **Moss Adams LLP**

Tax Accountant: 01/2017 to 08/2018

#### **Washington State University**

Full-time student: 06/2016 to 01/2017

#### **Clifton Larson Allen LLP**

Tax Intern: 01/2016 to 05/2016

#### **Columbia Basin Outfitters LLC**

Co-Owner: 01/2014 to 12/2016

#### **Chamberlin Agriculture**

Intern: 05/2015 to 08/2015

## **Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

### **Certified Financial Planner (CFP®):**

Certified Financial Planner is a designation granted by the CFP® Board. CFP® requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP® Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

When you achieve your CFP® designation, you must renew your certification annually; pay a certification fee and complete 30 hours of continuing education every two years.

### **Certified Public Accountant (CPA)**

A Certified Public Accountant (CPA) primarily provides financial audit services, including:

- attesting to the reasonableness of disclosures,
- freedom from material misstatements and
- adherence to applicable generally accepted accounting principles.

To become a CPA, a candidate must pass the Uniform Certified Public Accountant Examination set by the American Institute of Certified Public Accountants and administered by the National Association of State Boards of Accountancy.

Typically, eligibility to sit for the examination requires a candidate to have:

- A Bachelor's Degree that includes a minimum number of qualifying credit hours in accounting and business administration plus an additional one year study.
- Candidates are also required to have public accounting work experience, with minimum requirements varying from state to state.
- Applicants for CPA status must also complete a special examination on ethics, including a review of state specific rules for professional practice.
- All CPAs are required to take continuing education courses. The requirements vary by state but usually require 120 hours of continuing education every three years with at least 20 hours taken every year. Many states require CPAs to take an ethics course during every renewal period, with courses ranging from 2-8 hours.

### **Item 3 Disciplinary Information**

None to report.

#### **Item 4 Other Business Activities**

Cody A. Beaumont is a Financial Planner at HFG Trust LLC, a Washington state-chartered trust company. Approximately 75% of his time is spent as Financial Planner at HFG Trust. This represents a possible conflict of interest as Mr. Beaumont has an incentive to recommend HFG Trust for trust services.

#### **Item 5 Performance Based Fee Description**

Mr. Beaumont is compensated for being Financial Planner at HFG Trust, but he does not receive performance-based fees.

#### **Item 6 Supervision**

Mr. Beaumont is supervised by Drew Westermeyer. Mr. Westermeyer reviews Mr. Beaumont's work through frequent office interactions and through our client relationship management system. He will adhere to the policies and procedures as described in the firm's Compliance Manual. Mr. Westermeyer can be reached at 509-735-7507.

## **Investment Advisor Representative**

Preston C. Eder

Year of birth: 1997

## **Item 2 Educational Background and Business Experience**

Educational Background:

Grand Canyon University, Bachelor of Science degree in Sports Management: 2018

### **Business Experience:**

#### **HFG Advisors, Inc.**

Investment Advisor Representative: 08/2022 to Present

#### **HFG Trust**

Trade & Operations Analyst: 03/2021 to Present

#### **Gesa Credit Union**

Personal Financial Services Representative: 10/2019 to 03/2021

#### **Northwest Baseball Ventures LLC**

Account Representative/Game Day Employee: 06/2014 to 09/2019

### **Professional Certifications**

None to report.

## **Item 3 Disciplinary Information**

None to report.

## **Item 4 Other Business Activities**

Preston C. Eder is a Trade & Operations Analyst at HFG Trust LLC, a Washington state-chartered trust company. Approximately 75% of his time is spent as Trade & Operations Analyst at HFG Trust. This represents a possible conflict of interest as Mr. Eder has an incentive to recommend HFG Trust for trust services.

## **Item 5 Performance Based Fee Description**

Mr. Eder is compensated for being Trade & Operations Analyst at HFG Trust, but he does not receive performance-based fees.

## **Item 6 Supervision**

Mr. Eder is supervised by Drew Westermeyer. Mr. Westermeyer reviews Mr. Eder's work through frequent office interactions and through our client relationship

management system. He will adhere to the policies and procedures as described in the firm's Compliance Manual. Mr. Westermeyer can be reached at 509-735-7507.