



## WFG Advisors, LP

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September 30, 2014

### ADV Part 2A

This Brochure provides information about the qualifications and business practices of WFG Advisors, LP. If you have any questions about the contents of this Brochure, please contact the WFG Compliance Department at 800.225.3650 or [Compliance@Williams-financial.com](mailto:Compliance@Williams-financial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

WFG Advisors, LP is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about WFG Advisors, LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This section of the disclosed brochure (“Brochure”) will summarize the specific material changes that have been made since the previous version of the Brochure was published. The types of changes in the summary will relate to the nature of the material changes made to the firm’s policies, procedures and/or conflicts of interest.

The previous version of this Brochure, dated September 28, 2013, has been amended as follows:

The maximum annual advisory fee that can be charged has changed from 2.80% to 3.00%.

The Williams Financial Group Asset Management advisory platform added a portfolio offering known as the “Horizon Lifetime Income Portfolio.”

In the past, WFGA has offered or delivered information about its qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, WFGA will ensure that clients promptly receive a summary of any materials changes to this and subsequent Brochures.

The SEC’s web site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), also provides information about any persons affiliated with WFG Advisors, LP who are registered, or are required to be registered, as Investment Adviser Representatives of WFG Advisors, LP.

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## **Item 4 – Advisory Business**

WFG Advisors, LP (hereinafter “WFGA” or the “Firm”) is located in Dallas, TX and has been offering investment advisory services since 2003.

WFGA is 100% a wholly-owned subsidiary of Williams Financial Group, Inc., formerly WFG Holding, Inc. WFGA, through a common parent, is affiliated with the broker-dealer WFG Investments, Inc. (“WFG”). Many employees of WFGA, including officers and directors, are registered representatives and/or registered principals of WFG, and therefore are licensed to sell securities for separate commission compensation.

WFGA provides investment advisory services, including asset management and financial planning, to individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, corporations, and other investment advisers. The asset management services, as described more fully below, are made available to clients through investment programs, which are sponsored by WFGA.

WFGA provides its investment advisory services through its Investment Adviser Representatives (“IARs”). These individuals associated with WFGA are appropriately licensed, qualified, and authorized to provide advisory services on behalf of WFGA.

As of June 30, 2014 the Firm has assets under management totaling \$ 1,840,837,392.52.

### **Investment Management Services**

#### WFGA Select Program

A WFGA Select Program account is one in which the account and the selected investments are directly managed by the IAR. The IAR and the client discuss the client’s particular financial situation and establish goals, investment objectives, time horizons, and risk tolerance, as well as the client’s prior investment experience. The IAR conducts research, recommends and makes investment selections on a discretionary or non-discretionary basis in the client’s account.

IARs provide continuous investment advice to clients regarding the investment of clients’ funds based on the individual needs of each client, and any changes to the client’s investment objectives and risk tolerance. IARs may recommend a variety of investments including, but not limited to stocks, bonds, open and closed end mutual funds, no-load or load waived mutual funds, unit investment trusts (“UITs”), exchange traded funds (“ETFs”), and certificates of deposit (“CDs”).

Because each type of investment involves varying degrees of risk, investments will only be recommended when the investment(s) are consistent with the client's stated goals, investment objectives, risk tolerance, time horizon, and liquidity needs. The IAR and WFGA have a fiduciary responsibility to always act in the best interests of the client.

Most IARs are also registered representatives with WFG, which allows the IAR to provide brokerage services for clients by executing specific security transactions, and receive normal and customary commissions as a result of such transactions. This presents a conflict of interest because the IAR has an interest in earning commissions on sales that may be adverse to clients' interests. Further, because they can offer both advisory and brokerage services, IARs may be conflicted as to the investment options they recommend. To mitigate this conflict of interest, WFGA routinely reviews clients' accounts to ensure that IARs are always acting in the client's best interests and that recommendations are consistent with stated goals and objectives. In addition, fee billing is periodically reconciled to ensure accuracy and appropriateness of overall fees paid by clients to WFGA.

Clients participating in the Select Program will generally pay a monthly fee, in advance, based on the aggregate amount of assets under management. This fee is based on the average daily balance of the assets during the preceding calendar month. In those instances where the fee may be billed in arrears, it may include a prorated adjustment for any new investment capital added or withdrawn during the billable period. This adjustment is based on the balance of the assets as of the last business day of the preceding calendar month.

#### Fee Schedule:

Select Program fees are based on the following fee schedule:

<b>Total Account Value</b>	<b>Maximum Account Fee*</b>
First \$1,000,000	3.00%
Next \$2,000,000	2.20%
Assets Over \$3,000,000	1.75%

\*Fees may be negotiated and may vary from client to client based upon a number of factors, including but not limited to the investment manager(s) selected, type of account, account size, historical relationship with the client, services to be provided, or other factors. Moreover, fees may vary as a result of the application of prior fee schedules depending upon the specific date the client began participation in the program.

WFGA also sponsors a wrap-fee version of the Select Program in which the client pays a single fee for a variety of services, including but not limited to investment advisory services, portfolio management, brokerage, custody, and other associated account fees. Clients who participate in the wrap version of the WFGA Select Program will receive the equivalent wrap fee brochure, also provided by WFGA. Clients may receive the Firm's wrap fee disclosure brochure in lieu of Form ADV Part 2A. If the wrap fee disclosure brochure is not delivered to the client at or before the time the client enters into the wrap fee version of the *Select* Program (through completion of the *Select* agreement), the client may terminate the agreement. In addition, either party, upon written notice to the other, may terminate the management agreement. The management fee will be pro-rated for the month in which the cancellation notice was given and any unearned fees will be returned to the client.

#### Managed Account Solutions *(via National Financial Services)*

WFGA provides investment management and investment advisory services through a partnership with Envestnet Asset Management ("Envestnet") and their contracted independent investment advisors through the Managed Account Solutions Program ("MAS"). WFGA provides its clients through their IAR an extensive range of investment advisory services through MAS as well as individually managed accounts where WFGA has enlisted third parties, including Envestnet, to offer various investment management products and services. These advisor-directed programs include a Separately Managed Account ("SMA") program, a Unified Managed Account ("UMA") program, Mutual Fund & Exchange Traded Funds Strategists program, and a Multi-Manger Account program. Envestnet and WFGA are not affiliated other than through jointly providing services to the Program. The minimum account size to participate in the MAS program is generally \$100,000. The minimum account size is subject to increase or decrease at the sponsor's discretion.

Regarding asset management and investment vehicle evaluation, WFGA primarily utilizes information gathered by Envestnet through their initial and ongoing research and due diligence process. WFGA offers managers from Envestnet's "Approved" list. In order to list a manager as "approved", Envestnet employs a rigorous multi-phase approach to researching and selecting Managers suitable for participation in its investment programs. "Approved" Managers are evaluated using data and information from several sources, including the Manager and independent databases. Among the types of information analyzed are historical performance, investment philosophy, investment style, historical volatility, and correlation across asset classes. Also reviewed are the Manager's ADV 2A and portfolio holdings reports, which help to demonstrate the Manager's securities selection process. To ensure accuracy, Envestnet attempts to verify all information by comparing it to public available sources.

#### Third Party Money Managers

A third party money manager account is one in which the account and the selected investments are directly managed by a third party money manager (the “Manager”). The Manager will have a selling agreement with WFGA. Based on the client’s goals, investment objectives, time horizon and risk tolerance, the IAR will recommend an investment strategy to the client to be managed by the Manager(s). The strategy will be managed on a discretionary basis, meaning the client authorizes the Manager(s) to make changes to the portfolio as they deem necessary to meet the stated goals, investment objectives, time horizon, and risk tolerance of the client. Each Manager has a fiduciary obligation to manage the models according to the client’s stated goals, investment objectives, time horizon and risk tolerance. WFGA and the IAR have a fiduciary obligation to monitor the account and the performance of the Manager.

Each third party money manager program may involve different account minimum(s), custodial, administrative, and fee arrangements. In the case of retirement plans, the Firm (via the IAR) and the selected third party money manager will need to take into consideration each plan’s allowances and limitations. The third party money manager maintains client assets at a qualified custodian of their choosing. The Firm does not directly place securities transactions on behalf of the client. Rather, investments are made by the selected third party money manager in accordance with the agreement between the client and Manager.

#### Fee Schedule:

Typically, the Firm’s annual compensation under this type of arrangement with third party money managers ranges between 0.75% to 1.50% of the total assets under management, depending on the fee charged by the third party money manager. No separate fee is paid by the client to the Firm. Rather, fees are paid to the Firm out of the fee charged to the client by the third party money manager.

Clients are advised that programs substantially similar to those conducted by participating third party money managers may be available elsewhere at a lower fee. Clients are advised that a conflict of interest may exist for the Firm to recommend the services of a third party money manager who has agreed to share a portion of its fee with the Firm. Clients are encouraged to read the disclosure brochure of the third party money manager recommended for participation.

#### Williams Financial Group Asset Management (“WAM”)

Pursuant to a consulting agreement between Horizon Investments, LLC (“Horizon”) and WFGA, Horizon provides investment advice, analysis, and consultation concerning the management of various clients’ assets using the portfolios listed below:

1. *The Williams Strategic Portfolio* – This mutual fund portfolio is designed to help mitigate unnecessary portfolio risk while maximizing return potential. It is actively managed across domestic/international equity, large/small cap equity, and growth/value styles with fixed income allocations situated among unique core bond funds with exposure to other flexible non-U.S. short-term instruments. This portfolio is positioned towards the strategic long term and is available to risk tolerances from conservative to aggressive.
2. *The Williams Tactical Portfolio* – These portfolios are comprised of mutual funds and/or exchange traded funds (“ETFs”) and are designed to limit active portfolio risk and temporary market dislocations utilizing a flexible approach that takes into account economic, quantitative, and fundamental research. The specificity of ETFs allows for a more precise targeting of specific sectors or markets. These portfolios are positioned towards the short-term being active between 3 to 6 months. The mutual fund variant is available to risk tolerances from moderate to aggressive, and the ETF variant is available to risk tolerances from growth to aggressive.
3. *The Williams Alternative Portfolio* – This mutual fund portfolio is designed to hedge traditional exposure to systematic market risk, which is quantified as the risk that comes from investing in any security within the market, otherwise called “beta exposure.” To accomplish this, the portfolio uses a wider set of multiple alternative investment strategies that can potentially limit volatility while maximizing the return based on the risk that comes from investing in any single security, otherwise called “alpha exposure.” This portfolio is positioned towards the intermediate and long term and is available to risk tolerances from moderate to aggressive.
4. *Horizon Lifetime Income Portfolio* – This portfolio uses economic, quantitative, and fundamental research to limit active portfolio risk and afford flexibility to facilitate a protracted income stream. The portfolio blends equity and income holdings to further this objective. To mitigate downside market risk, this portfolio incorporates Horizon’s proprietary Principal Protection\* defensive strategy. This portfolio is available to moderate risk tolerances.

*\*Principal Protection is a defensive investment strategy that uses a proprietary volatility forecasting model to determine if reallocation is warranted to maintain the strategy’s objective to return initial investments at the end of a seven-year period. Principal Protection is NOT A GUARANTEE against losses or decline in portfolios.*

Horizon acts as sub-advisor to WFGA with respect to the portfolios and provides services to WFGA including making recommendations regarding fund selection, asset allocation of the portfolios, providing recommendations in relation to the strategic rebalancing of the allocations



of the portfolios, and assisting in the marketing of the portfolios (the portfolios are referred to and marketed publicly as the Williams Portfolio Strategies). All WAM accounts are custodied at National Financial Services (“NFS”).

Fee Schedule:

IARs will charge an advisory fee for the WAM program. This fee is in addition to the fees shown below for the respective model.

<b><u>Model</u></b>	<b><u>WAM</u></b>	<b><u>Horizon</u></b>	<b><u>Principal Protection – Add on</u></b>
Williams Strategic Portfolios	0.25%	0.20%	0.25%
Williams Tactical Portfolios	0.30%	0.35%	0.25%
Williams Alternative Portfolios	0.35%	0.40%	No Principal Protection available
Horizon Lifetime Income Portfolio	0.25%	0.70%	Included in fee schedule

#### Non-proprietary –Turn-key Asset Management Programs (“TAMP”)

The Firm permits certain of its IARs to offer “non-proprietary” wrap fee programs of non-affiliated registered investment advisers (program sponsors).

Each non-proprietary wrap fee program referenced herein may involve different account minimum(s) as well as custodial, administrative, and fee arrangements. The Firm does not take custody of client assets that are designated to be managed by a third party manager. The Firm does not directly place securities transactions on behalf of the client. Rather, investments are made by the selected non-proprietary wrap fee provider in accordance with the agreement between the client and manager.

WFGA also participates in revenue sharing with some of its chosen program sponsors in regards to clients’ advisory business. Currently WFGA has such an arrangement with SEI Investment Management Corporation (“SEI”), and this compensation generally takes form of the program sponsor sharing with WFGA a portion of the advisory fee the program sponsor charges clients for providing investment management services. This is a conflict of interest for the Firm as WFGA has an incentive to refer business to those non-affiliated registered investment advisers, such as SEI, who participate in revenue sharing with WFGA rather than those program sponsors who do not.

#### Fee Schedule:

More information regarding a client's total annual fee and the portion received by WFGA, the program sponsor, and any additional third parties is provided in the relevant wrap fee program brochure of the sponsor and the applicable agreement the client will execute with respect to the program (the "Client Agreement") and/or separate fee disclosure statement that will be provided to the client with the Client Agreement (the "Fee Disclosure").

#### **Solicitor Referrals**

The Firm has entered into an agreement with SEI, whereby the firm will receive a marketing, distribution services, and administrative fee from SEI in consideration for the Firm providing SEI with marketing and distribution support, including without limitation, designating SEI as a preferred provider/sponsor in connection with the SEI Advisor Network.. Under the terms of this agreement, the Firm will make the SEI family of mutual funds, managed account programs, and related proprietary investment products available to the Firm's investment advisory clients and will provide marketing and distribution opportunities to SEI to make its suite of products and programs available to the Firm's advisory representatives and clients. This agreement represents a conflict of interest in that the Firm will receive compensation from SEI which could influence the recommendations of advisory representatives for client participation in SEI products and/or programs. To mitigate this conflict, the Firm reviews accounts when opened to ensure appropriate suitability, and conducts periodic review thereafter for continued suitability and consistency with client objectives and goals.

#### **Consulting**

WFGA offers asset allocation services and/or portfolio monitoring/review services to clients on an *ad hoc*, non-continuous basis. These services will be provided on a pre-determined basis, such as monthly, quarterly, semi-annually or annually, and will be agreed upon and detailed by the client and WFGA in the client agreement. Such services may include a review of the client's existing portfolio with asset allocation recommendations, a review/evaluation of recommendations made by other advisory professionals for suitability, security analysis, management and/or monitoring of a participant's investments in a 401(k) plan, assistance in evaluating the services of third party money managers, or ongoing portfolio monitoring services.

#### Fee Schedule:

The amount of the fee and the fee-paying arrangements are based on a fixed rate that is negotiated on a case-by-case basis depending on the scope and complexity of the requested services. Specific services to be provided, the anticipated fee, and fee paying arrangements are

detailed in the written advisory agreement. If WFGA's Form ADV Part 2A brochure is not delivered to the client at or before the time the client enters into the advisory agreement, the client may terminate the agreement. In addition, either party, upon written notice to the other, may terminate the advisory agreement.

## **Financial Planning**

WFG engages in broad-based and structured financial planning. Such planning services typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. The process typically begins with an initial complimentary consultation during which the various services provided by WFGA are explained. If it is the desire of the client to use WFGA's services, the Firm and the client enter into a financial planning agreement. The client may elect to have WFGA prepare a financial plan for a set fee and then manage the client's assets under its wrap fee program defined above for an annual percentage of assets under management. Alternatively, the client may engage WFGA for financial planning services only without any additional advisory or portfolio management services.

Financial planning services may be rendered in the areas of retirement planning, financial planning, personal tax and cash flow planning, estate planning, insurance planning, divorce planning, college planning, and compensation and benefits planning, among others.

### **Fee Schedule:**

WFGA may charge a fixed fee for financial planning services that typically ranges between \$500 to \$5,000, but could exceed this range depending upon the services provided. There is no "typical" plan, as services are customized to the particular needs of the client. Thus there is a wide range of fees that may be imposed as some plans may involve more analysis and research and accordingly be broader in scope than other more simplified and limited scope plan reviews. The fee schedule may be dependent on the scope including but not limited to; the client's needs, net worth, net income, age, and the use of outside expertise.

Over time as the economic climate and personal circumstances change, the client may wish to adjust their goals which may result in a change in planning strategies. As a result the client at his/her option can engage WFGA to prepare a review or update of his/her plan. This reappraisal can include updates and projections regarding cash flow, net worth, tax liabilities and retirement projections, etc.

This engagement would be at the client's option, based upon the updated information provided by the client. Either the client or WFGA could terminate the engagement at any time with notice.

The fee for completing such annual review generally ranges from \$250 and \$3,000, based on the complexity of the annual review and appropriate plan revisions.

Reviews of financial plans are also available at the client's request. Updates to the written financial plan may be provided in conjunction with the review. Such reviews and updates are subject to the Firm's then current hourly rate.

## **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by WFGA is established in a client's written agreement with WFGA. WFGA will generally bill its fees on a monthly basis.

Clients participating in the programs will generally pay a monthly fee, in advance, based on the aggregate amount of assets under management. For the WFG Select and WAM Programs, the fee is based on the average daily balance of the assets of the preceding calendar month. Clients may elect to be billed directly for fees or to authorize WFGA to directly debit fees from client accounts. In certain situations, certain product types or money managers will bill quarterly in advance or in arrears based on the aggregate amount of assets under management. In some instances, the fee is based on the average daily balance of the assets as of the last business day of the preceding quarter end. Accounts initiated or terminated during a calendar month will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

These fees may include account management, administrative, and execution services. Unless otherwise characterized as "non-billable", all assets in the account, including securities, cash, and money market balances, will be assessed advisory fees. Margin debit balances do not reduce the value of the assets in the account. The provider may in their sole discretion pay all or a portion of the above stated fees to other parties involved in providing service with respect to the program account and as permitted by law. All such shared payments will be fully disclosed to the client.

These fees may not include, certain odd-lot differentials, national securities exchange fees, clearing, custody, postage and handling, and other transaction and service fees (i.e. brokerage portfolio accounts or other cash management type accounts), annual, maintenance and/or termination fees for retirement accounts or qualified plans, ACAT transfer fees, interest on debit account balances, electronic fund transfer fees, IRA and qualified plan fees, and transfer taxes and other costs or charges associated with securities transactions mandated by law. All fees and charges, including the above, may be charged to the program account.

The client understands that WFGA IARs receive compensation for providing advisory and client-related services in connection with the programs based on the value of the assets under their management. The client may also incur certain charges imposed by other third parties in

connection with investments made through the program account, including among others the following types of charges: mutual fund 12b-1 fees, mutual fund management and administrative servicing fees, fees charged by investment managers, and certain deferred sales charges on previously purchased mutual funds. WFGA IARs may receive a portion of the mutual fund 12b-1 fees as part of their compensation.

Advice offered by WFGA may involve investments in mutual funds. Clients are hereby advised that all fees paid to WFGA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. WFG does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, WFGA, and others to fully understand the total amount of fees to be paid by the client.

Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on the client's financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations. The benefits under a wrap fee program depend, in part, upon the size of the account, the management fee charged and the number of transactions likely to be generated in the account. For example, a wrap fee program may not be suitable for accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for a client, the client should compare the fees and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers and custodians for advisory fees, brokerage and other execution costs and custodial services comparable to those provided under the program. Participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from third parties. WFGA and its IARs receive compensation as a result of clients' participation in the program. This compensation may be more than the amount WFGA or its IARs would receive if the client paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because WFGA and its IARs have a financial incentive to recommend the wrap programs.

Further, a conflict may exist between the interests of the Firm and/or its IARs and the interests of the client in that the Firm and/or its IARs offer financial planning and investment advisory services for a fee, and also offer various securities products in their concurrent capacities as registered representatives of a broker dealer on which they may also be paid a commission. IARs should inform clients with respect to any recommended securities transaction on which a separate commission will be earned so that client can make an informed decision prior to deciding on the recommended action.

Certain IARs may also be separately licensed through various states to sell traditional and variable life insurance products for which they may receive usual and customary commission compensation. Traditional insurance product transactions such as term, universal, and whole life insurance, and fixed or index annuities may be purchased through insurance companies with which an advisor representative maintains an appointment as an independent agent. Variable insurance products carry fees and expenses relating to providing insurance guarantees that are in addition to the expenses associated with investment features. Such fees and expenses may include (without limitation) mortality and expense risk fees, premium taxes, optional riders, annual contract administration fees, and in the case of life insurance, the cost of life insurance risk as assessed by the insurance company issuing the policy. These fees are in addition to the advisory fees charged by WFGA, and insurance contracts may have significant withdrawal or surrender penalties if contract holding periods are not met. These insurance product related fees are explained in detail in the prospectus for the product being recommended. Item 12 further describes the factors that WFGA considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

WFGA does not charge any performance-based fees. Fees are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client.

#### **Item 7 – Types of Clients**

The Firm currently provides investment advisory services including asset management, and financial planning to individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, corporations and other investment advisers.

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

IARs of WFGA are given full authority to manage client assets without additional guidance from WFGA based upon information obtained from the client, including (without limitation) a client's current financial status, investment objectives/goals, and risk tolerances. IARs will accordingly make recommendations based upon the information provided and may allocate a client's portfolio into any range of various investment products, such as mutual funds, stocks, bonds, options, ETFs, and others that are suitable based upon a client's individual needs. IARs are charged with continuous monitoring of client portfolios to respond to a change in a client's investment objectives, risk tolerances, or financial condition that may warrant a change in the strategy employed or recommendations made. Likewise, client accounts are periodically

reviewed by WFGA to ensure consistency of program strategies and performance with clients' stated objectives.

Each IAR employs several methods of analysis in order to formulate investment advice, including but not limited to charting, fundamental analysis, technical analysis, and cyclical analysis. IARs may use several sources to gather information including but not limited to financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC, company press releases, and other materials providing investment related information.

Strategies employed by WFGA and/or its IARs may include, but are not limited to, preservation of capital, income, capital appreciation, trading profits, and speculation. Investing in securities involves risk of loss that clients should be prepared to bear.

### **Item 9 – Disciplinary Information**

Wilson Williams, Chairman of Williams Financial Group, Inc., has two disclosed events that relate to WFG Investments, Inc.

For further information regarding the specifics of these items please contact Advisor Services at 800.225.3650 or [WFGAdvisoryServices@williams-financial.com](mailto:WFGAdvisoryServices@williams-financial.com). The information in this report is not the only resource clients can consult. Clients can access additional information about WFG, WFGA, and its management personnel on the SEC website, located at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), as well as FINRA's website, at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

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

WFGA is a wholly-owned subsidiary of Williams Financial Group, Inc., formerly WFG Holding, Inc. WFGA, through a common parent, is affiliated with broker-dealer WFG. In its capacity as an introducing broker dealer, WFG has a fully disclosed clearing relationship with NFS, Pershing, Fidelity IWS, and TD Ameritrade to provide clearance and settlement services. Some officers/directors/employees of Williams Financial Group are registered representatives/principals of WFG and therefore are licensed to sell securities for separate commission compensation.

The broker/dealer selected for the account will serve as the custodian of the assets and will also execute the trades in the account. The broker/dealer will charge fees and/or commissions for their services ("brokerage costs"). Brokerage costs will be debited from the account in one of two ways. Either they will be charged directly to the account by the broker/dealer as separate and additional charges, or they could be included as part of the investment advisory fee. The investment advisory agreement will specify which method will be used.

Brokerage costs will be calculated in one of two ways, either by the custodian applying charges to each transaction individually or by applying a flat fee based on the value of the account. If the account has a high volume of transactions, a flat fee could result in less brokerage costs. If the account has a low volume of transactions, a flat fee could result in higher brokerage costs.

WFGA, through common control and ownership, is affiliated with WFG Strategic Alliance, a licensed insurance agency that provides insurance products and selection advice to other financial advisors. Related persons of WFGA are licensed as agents to sell insurance related products, for separate compensation, through WFG Strategic Alliance.

### **Item 11 – Code of Ethics**

WFGA, its officers, and its associated persons may personally invest in the same securities as are purchased for clients, and may own securities of issuers whose securities are subsequently purchased for clients. WFGA has adopted a Code of Ethics (the “Code”) to alleviate conflicts of interest in such situations. The Code requires that all associated persons, access persons, and administrative staff of WFGA place the interests of its clients first, avoid taking inappropriate advantage of their position, and conduct all personal securities transactions in compliance with the Code. A full copy of WFGA’s Code is available to clients or prospective clients upon written request.

As these situations may represent a conflict of interest, WFGA has established the following restrictions in order to ensure its fiduciary responsibilities:

1. Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived, in whole or in part, by reason of the associated person’s employment, unless the information is also available to the investing public on reasonable inquiry. No associated person of the Firm shall prefer his or her own interest to that of the advisory client.
2. Records will be maintained of all securities bought or sold by the Firm and its associated persons.
3. The Firm emphasizes the unrestricted right of the client to decline to implement any advice rendered by WFGA.
4. The Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
5. Any individual not in observance of the above may be subject to termination.



It is further noted that WFGA is in, and shall continue to be in, compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, WFGA has adopted a firm-wide policy statement outlining insider trading compliance by the Firm, its associated persons, and other employees.

## **Item 12 – Brokerage Practices**

Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker as WFGA recommends. WFGA will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research, and other services which will help WFGA in providing investment management services to clients. WFGA may therefore recommend (or use) the use of a broker who provides useful research and securities transaction services, even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all WFGA clients, and not all of such research may be useful for the account for which the particular transaction was effected.

WFGA considers factors such as speed, reliability, cost, quality of trade execution, and the availability of services and products when selecting broker/dealers to execute client transactions. The rate that a client pays for such services may be higher than the rate available at some discount or online brokerage firms. WFGA believes that the benefits and features of its recommended brokerage firms are of sufficient value to warrant a client paying a potentially higher transaction cost than could be achieved at other such firms.

From time to time, the Firm's recommended broker/dealers may refer clients to WFGA. Such referral could provide an incentive for the Firm to engage in the services offered by these broker/dealers.

In some cases, WFGA's affiliated introducing broker/dealer, WFG, will introduce accounts to a qualified custodian. WFGA does not execute transactions and does not take custody of the account. A conflict of interest could arise in that WFGA may benefit from having introduced the account to a qualified custodian in order to get better pricing for its other securities business and could also receive a commission on transactions effected for the client's account.

## **Item 13 – Review of Accounts**

WFG IARs monitor advisory accounts to identify circumstances concerning client investment portfolios that may warrant further action. This monitoring includes, but is not necessarily limited to: suitability, performance, investment objectives, asset allocation, and other

considerations. In addition, WFGA compliance and supervision personnel may review accounts due to activity it deems to be outside of the normal scope of established account history. These reviews focus on areas including, but not limited to: concentration, activity (high or low), and suitability.

The custodian typically sends clients a confirmation of every securities transaction and a quarterly brokerage statement, which reflects all transactions in the client's account held by the custodian. Any account statements provided to clients by WFGA (in addition to those which are already provided by the qualified custodian) will contain legends as required pursuant to regulatory requirements under the Advisors Act.

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

Broker/dealers, other investment advisors, or other financial intermediaries who are directly responsible for referring a client to WFGA for advisory services may receive a referral fee from WFGA. In each instance, appropriate disclosure is made to each prospective client, pursuant to SEC Rule 206(4)-3 under the Investment Advisors Act of 1940, and/or applicable state statutes, to the extent they apply.

WFGA serves as solicitor for other advisers, some of whom may or may not be affiliated with WFGA. WFGA receives direct and indirect compensation from these advisers as a result of a client's ultimate participation in these advisers' management. In accordance with regulatory requirements, WFGA receives a referral fee at a negotiated rate from these firms in accordance with the terms of a written solicitor agreement and after execution of a written referral fee disclosure statement by each client in respect of such persons. These firms may provide marketing support or services to assist its solicitors and their firms. The client pays no additional fee for this solicitation arrangement.

#### **Item 15 – Custody**

WFGA shall never actually have physical custody of any client funds or securities, as the services of an independent qualified custodian will be used for these asset management services. However, because WFGA does deduct advisory management fees directly from accounts held by WFG Investments, a related affiliate of WFGA through clearing arrangements with qualified custodians, WFGA is deemed to have custody of client assets under the Investment Advisors Act of 1940 ("the Advisor's Act").

Clients should receive at least quarterly statements from the broker dealer or other qualified custodian that holds and maintains clients' investment assets. WFGA urges clients to carefully review such statements.

### **Item 16 – Investment Discretion**

Generally, clients grant WFGA discretion over the selection and amount of securities to be bought or sold in client accounts. However, the Firm's investment authority may be subject to specified investment objectives, guidelines, and/or conditions imposed by the client in writing. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry. Clients may amend these limitations as required. Such amendments must be submitted in writing.

### **Item 17 – Voting Client Securities**

WFGA will not vote proxies solicited by, or with respect to, the issuers of securities in which client assets may be invested. WFGA may, on rare occasions and only at a client's request, offer clients advice regarding corporate actions, but any decisions and actual voting of the proxy are the responsibility of the client. Third party investment managers chosen to manage client assets, however, may vote proxies on behalf of clients. Clients should refer to that investment manager's Form ADV for more information.

### **Item 18 – Financial Information**

Registered investment advisors are required in this item to provide clients with certain financial information or disclosures about WFGA's financial condition. WFGA 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.

## **Important Notices and Disclosures**

### **Business Continuity Plan**

WFGA has developed a business continuity plan to guide how it will respond to events that significantly disrupt its business. Since the timing and impact of disasters and disruptions is unpredictable, the Firm will have to be flexible in responding to actual events as they occur. With that in mind, WFG provides the following information on its business continuity plan.

After a significant business disruption, clients should be able to contact the Firm via telephone at (972) 661-8700 or (800) 225-3650, via facsimile at (972) 661-5031, via electronic mail at [WFGAdvisoryServices@williams-financial.com](mailto:WFGAdvisoryServices@williams-financial.com), or through its website at <http://www.williams-financial.com>. If necessary, WFGA's offices will be relocated to three different residential locations in the Dallas/Fort Worth area which it has designated in its formal business continuity plan, and its phone numbers will be transferred to one of these locations. If these other locations in the Dallas/Fort Worth area are not accessible, then communication systems will be established utilizing voice over internet protocol (VOIP) phones with key personnel from the main office. If clients cannot access WFGA through these means, they should contact the appropriate clearing firms, National Financial Services or Pershing, at the posted phone numbers that are listed on the aforementioned WFG website. These clearing firms will be able to handle client services such as accessing client funds and securities, entering orders and other trade processing functions, cash transactions, and security transfer transactions. If clients should have accounts that are not held by either of these clearing firms, they should contact the investment provider directly by calling the phone number that is listed on the client account statements, which are periodically received from the investment company.

In the event of a significant business disruption, the Firm's primary objectives while attempting to resume business will be safeguarding its employees and property, making a financial and operational assessment, protecting its books and records, and allowing its customers to transact business. In short, WFGA's business continuity plan is designed to permit the Firm to resume operations as quickly as possible, given the scope and severity of disruption.

The Firm's business continuity plan addresses many relevant areas, including but not limited to data backup and recovery, protection of mission critical systems, financial and operational assessments, alternative communications with customers, employees, and regulators, alternate physical location of employees, critical supplier, contractor, bank and counter-party impact, regulatory reporting, and assuring its customers prompt access to their funds and securities if the Firm is unable to continue its business.

WFGA's primary clearing firms, National Financial Services and Pershing, provide backup records of important data in a geographically area separate from WFGA's home office. While every emergency situation poses unique problems based on external factors such as time of day and the severity of the disruption, these clearing firms have advised WFGA that its objectives are to restore their own operations and be able to complete existing transactions and accept new transactions and payments within one to four hours. Client orders and requests for funds and securities could be delayed during this period.

### *Varying Disruptions*

Significant business disruptions can vary in their scope, affecting limited spaces such as the Firm's home office, to expansive areas, such as the region in which the Firm operates. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption limited to just the Firm or the building housing the Firm, WFGA will transfer its operations to a local site when needed and expect to recover and resume business within approximately four hours. In a disruption affecting the Firm's business district, city, or region, it will attempt to transfer its operations to a site outside of the affected area, and recover and resume business within the same time period. In either situation, WFGA plans on continuing in business, transferring operations to its clearing firm(s) if necessary, and notifying clients through its website (<http://www.williams-financial.com>) so that clients will know how to contact the Firm or another entity that will be able to service their financial needs. If the business disruption is so severe that it prevents the Firm from remaining in business, WFGA will establish for its clients prompt access to their funds and securities through the notification process on its website.

### *Potential of Pandemic (such as Influenza A "H1N1"), Swine Flu, etc.)*

Recognizing that a pandemic is not a "normal" business risk, WFGA's planning has nevertheless focused on augmenting its existing plans and practices to take into account the following aspects:

- Global impact, with no differentiation by culture, industry, geography.
- Potential to escalate quickly and continue for several months in more than one wave.
- A high projected rate of infection potentially causing heavy absenteeism.
- Overtaxed health care facilities, public health agencies, and personnel.

With this plan in place, the Firm is continuously reviews and assesses strategic options as part of its business continuity planning, such as assigning associates and management staff and other personnel responsible for critical processes to multiple geographically dispersed locations, providing personnel with electronic access to work remotely where and when appropriate, and assessing ways to make its facilities more biohazard resistant.

Clients who would like more information or have questions about WFGA's business continuity planning can contact the Firm at (972) 661-8700, (800) 225-3650 or through its website <http://www.williams-financial.com>.

## **Privacy Policy**

WFGA and its IARs rely on access to clients' personal financial information so that they can make appropriate recommendations to clients regarding the financial products and services they offer.

WFGA is committed to safeguarding the personal information provided to it. This privacy policy, required under SEC Regulation S-P, describes how WFGA handles and protects clients' personal information. The provisions of this notice apply to all present and former WFG customers.

### *Why and How the Firm Collects Personal Information*

As stated above, WFGA collects personal information about clients so that it can make recommendations about products and services its offer that may be of interest to clients. The Firm collects non-public personal information from the following sources:

- Information provided to WFG on applications and other forms (such as client name, address, occupation, assets, and income);
- Information about client transactions with WFG, its affiliates, or others, and/or;
- Information received from consumer reporting agencies (such as client credit history and creditworthiness) and other entities not affiliated with WFGA.

### *How the Firm Protects Personal Information*

WFGA limits access to clients' personal information to those employees who need to know such information in order to provide products and services to clients. Firm employees are required to maintain and protect the confidentiality of client personal information, and must follow established procedures to do so. To comply with applicable laws and regulations, WFGA maintains physical, electronic, and procedural safeguards that comply with applicable laws and regulations to protect client personal information.

### *Sharing Information With Affiliates*

WFGA may share the client personal information described above with its affiliates for business purposes, such as marketing new products and services, servicing client accounts, and as permitted by law. WFGA's affiliates are companies controlled or under common control of its holding company. The information the Firm shares with affiliates may include the information described above (such as name, address, income and information related to client accounts with WFGA).

### *Disclosure to Non-Affiliated Third Parties*

In the normal course of business, personal information may be shared with persons or entities involved in servicing and administering products and services on the Firm's behalf, including:

- Financial service institutions, such as mutual fund companies, securities brokers, insurance agencies, clearing brokers, and banks, with whom WFGA may have joint marketing agreements (such as agreements to market financial services or products that they jointly offer, endorse or sponsor with WFGA);
- Companies under contract to perform services for WFGA or on its behalf (such as vendors providing data processing, computer software maintenance and development, transaction processing and marketing services).

WFGA may also disclose personal information with non-affiliated companies and regulatory authorities as permitted by applicable law. For example, WFGA may disclose personal information to cooperate with regulatory authorities and law enforcement agencies and as necessary to protect its rights or property. Except as described in this privacy policy, WFGA will not use client personal information for any other purpose, unless the Firm describes how such information will be used at the time clients disclose it, or WFGA obtains client permission to do so.

If a client's IAR terminates his or her relationship with WFGA and moves to another securities or investment advisory firm ("New Firm"), WFGA or its IARs may disclose client personal information to the New Firm, unless clients instruct otherwise. If clients do not want WFGA or its IARs to disclose your personal information to the New Firm, and if clients do not want their IARs to retain copies of personal information when terminating affiliation with WFGA, clients may request that WFGA or its IARs limit the information that is shared with the New Firm by completing the Privacy Choices Notice, which is available at [www.williams-financial.com](http://www.williams-financial.com), and mailing the form to WFG Investments, Inc., c/o Compliance Department, 2711 N. Haskell Avenue, Suite 2900, Dallas TX, 75204.

If a client's primary address is in a state that requires clients' affirmative consent to share personal information with the New Firm (such as California or Vermont), then clients must provide written consent before the Firm will allow its IAR to take any personal information to the New Firm. Clients can withdraw consent at any time by contacting WFGA in writing at the address provided above.

If a client wishes to move his or her account to the New Firm in conjunction with their IAR, such clients should not submit the Privacy Choices Notice form.