

RHG Advisors, LLC

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Form ADV, Part 2A Brochure

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This brochure provides information about the qualifications and business practices of RHG Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 480-575-5480 or gilladv@yahoo.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that RHG Advisors, LLC or any person associated with RHG Advisors, LLC has achieved a certain level of skill or training.

Additional information about RHG Advisors, LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of any material changes since the previous version of this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

This brochure is a new document prepared according to the SEC's new requirements and rules. Therefore, this document is materially different in structure and requires certain new information that our previous brochure did not require. In the future, this item will discuss only specific material changes that we make to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

RHG Advisors, LLC ("RHG") reviews and updates our brochure at least annually to make sure that it is still current.

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ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

RHG Advisors, LLC ("RHG," "we," "our," or "us") is a privately owned limited liability company ("LLC") headquartered in Phoenix, AZ. RHG is registered as an investment adviser with the U.S. Securities and Exchange Commission.

Richard H. Gillons is the Managing Member of RHG. He originally began his registered investment advisory practice under the name RHG Associates, LLC in 1998. He has continuously managed client assets during this period. RHG registered with the SEC effective June 18, 2004.

Advisory Services Offered

RHG offers the following services to advisory clients:

Investment Management Services

RHG provides continuous and regular investment supervisory services on a discretionary basis. R. Gillons works with clients and has the ongoing responsibility to select and make recommendations, based upon the objectives of the client, as to specific securities or other investments held in client accounts.

RHG may offer investment advice on any investment held by the client at the start of the advisory relationship. Recommendations for new investments typically include diversified mutual fund portfolios. In addition, we may recommend the following investment types in client portfolios:

- Exchange traded funds (ETFs)
- Closed-end funds
- Certificates of deposit (CDs)
- Municipal bonds
- Money market funds and cash

RHG may also occasionally offer advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry.

We discuss our discretionary authority below under **Item 16 - Investment Discretion**. For more information about the restrictions clients can put on their accounts, see **Tailored Services and Client Imposed Restrictions** in this Item below. We describe the Fees charged for investment management services below under **Item 5 - Fees and Compensation**.

Consulting Services

RHG may also offer investment consulting services to clients on an hourly or fixed-fee basis. These consultation services vary according to the specific needs of the client and may include one-time

investment advice for individuals or institutions. Clients are not obligated to implement investment recommendations made in hourly or fixed fee consultations through RHG.

We describe the fees charged for consulting services below under ***Item 5 - Fees and Compensation***.

Limitations on Investments

Limitation by Plan Sponsor/Employer

In some circumstances, RHG's advice may be limited to certain types of securities. For example, when we provide services to participants in a 401(k) or 403(b) plan, the participant may be limited to investing in securities included in the plan's investment options. In that case, RHG can only make recommendations to the client from among the available options, and will not recommend or invest the client's account in other securities, even if there may be better options elsewhere.

Limitation by Type of Security

Limitation on Equities

With the exception of ETF's and closed-end funds, which we recommend on a limited basis, RHG does not generally invest in individual equity securities. However, we do hold individual positions as an accommodation to clients. RHG does not generally monitor or provide advice pertaining to any client-directed position held as an accommodation. We typically only transact in individual equities when selling existing holdings of new accounts and/or at the client's request.

Limitation on Fixed Income

With the exception of municipal bonds and certificates of deposit (CDs), RHG utilizes debt-related mutual funds for the fixed-income allocation of portfolios. We typically do not conduct individual fixed income securities transactions except when liquidating existing positions in new client accounts or when directed to do so by the client. On occasion, we may hold individual fixed-income securities contained in new accounts. The holding period may be temporary or until maturity based on the individual needs of the client.

Limitation by Issuer

In the event RHG is managing assets within an annuity, RHG is limited to those investment options made available by the issuer.

Mutual Fund Limitations

No Load Mutual Funds

RHG primarily recommends no load mutual funds or load-waived equivalents.

Limitation by Custodian

There may also be limitations on the mutual funds in which RHG may invest clients' accounts. For clients with accounts held at certain custodians, RHG is limited to the mutual funds available through the custodian.

Limitation by Client

RHG may also limit advice based on certain client-imposed restrictions. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** below.

Tailored Services and Client Imposed Restrictions

RHG manages client accounts based on the investment strategy discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***. RHG applies the strategy for each client, based on the client's individual circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our recommendations may be limited if the client does not provide us with accurate and complete information. It is the client's responsibility to keep RHG informed of any changes to their investment objectives or restrictions.

Clients may also request other restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want RHG to buy or sell certain specific securities or security types in the account. RHG reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

Wrap Fee Programs

RHG does not manage accounts as part of a wrap or bundled fee program.

Assets Under Management

RHG manages client assets in discretionary accounts on a continuous and regular basis. As of 12/31/2010, the total amount of assets under our management was \$55,568,097.

ITEM 5 - FEES AND COMPENSATION

Fee Schedule

Investment Management Fees

RHG charges advisory fees for investment management services. RHG's advisory fees are charged based on a percentage of the client's total assets under management, per the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$4MM	0.35%
Next \$4MM	0.25%

All fees are negotiable and some accounts may be under different fee schedules honoring prior agreements. In addition, RHG may waive fees for certain personal friends and relatives.

Comparable services may be available from other sources at higher or lower fees.

Consulting Fees

RHG generally charges \$50 to \$100 per hour for its hourly consulting services. The rate is negotiable and we inform clients in advance of the estimated required hours needed for the project. RHG may also provide evaluations of individual client financial circumstances for a mutually agreed upon flat fee.

Minimum Fee

RHG generally requires a minimum annual advisory fee of \$500, regardless of account size.

Billing Method

Investment Management Services

RHG generally bills advisory fees in arrears based on the account's average fair market value based on the beginning and closing market value for the most recent three months. The formula used for the calculation is as follows: $((Total\ Assets\ Under\ Management\ at\ Quarter-Beginning + Total\ Assets\ Under\ Management\ at\ Quarter-End) / 2) \times (Annual\ Rate) / 4$. Further, RHG may accommodate client requests to invoice on a semi-annual or annual basis, and we would adjust the billing calculation from above accordingly.

RHG may aggregate client accounts that have family or business relationships with each other for purposes of calculating the advisory fees applicable to each client. For advisory fee calculation purposes, the start date of the account determines the client's quarterly billing cycle. Payment is due upon presentation of the invoice, which will include the fee calculation and amount due.

Consulting Services

RHG bills consulting fees for actual time incurred upon completion and delivery of contracted services. Payment is due upon presentation of the invoice.

Other Fees and Expenses

RHG's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts from the assets in the account, which are in addition to the fees client pays to RHG. See **Item 12 - Brokerage Practices** below for more information.

In addition, any mutual fund shares held in a client's account may be subject to 12b-1 fees, early redemption fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to RHG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares.

Termination

Either party may terminate the advisory agreement at any time by providing written notice to the other party. The client may terminate the agreement at anytime by writing RHG at its office. Upon termination of the agreement, any earned, unpaid advisory fees will be due and payable. The client will receive an invoice showing the advisory fees due for services rendered and not yet paid. We base the final fee on the account's average fair market value from the beginning date of the client's billing cycle to the value on the termination date, and will be pro-rated for the number of days in the quarter the account was open.

Other Compensation

RHG does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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

ITEM 7 - TYPES OF CLIENTS

RHG offers discretionary investment advisory services to individuals, high net worth individuals, trusts and estates, family limited partnerships, and individual participants of retirement plans.

Account Requirements

RHG does not require a minimum account size. However, we may assess a minimum fee regardless of account size, as described in **Item 5 - Minimum Fee** above.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

General Investment Strategies

RHG uses diversification of mutual funds in an effort to optimize the risk and potential return of our clients' accounts. RHG's general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. RHG treats each client account uniquely. Mr. Gillons generally assists clients in developing an "Overall Investment Objective Statement" designed to help clients attain their financial goals. This statement typically outlines the client's investment objectives, time horizon, risk tolerance, tax considerations, target asset allocation, and any special considerations and/or restrictions the client chooses to place on the management of the account. RHG will then make recommendations that are consistent with the client's Overall Investment Objective Statement.

RHG selects suitable categories of investments based on the clients' attitudes about risk and their need for capital appreciation or income. Different instruments involve different levels of exposure to risk. Within each investment category, RHG selects individual securities with characteristics that are most consistent with the client's objectives. We deal with any client restrictions on an account-by-account basis. Since RHG treats each client account uniquely, client portfolios with a similar investment objectives and asset allocation goals may own different securities. Timing and tax factors also influence RHG's investment decisions.

Methods of Analysis for Selecting Securities

RHG may use fundamental, cyclical, charting, and/or technical analysis in the selection of individual securities. Additionally, RHG may use specific strategies or resources in the method of analysis and selection of mutual funds and fixed income securities.

Fundamental Analysis

"RHG uses fundamental analysis in the selection of mutual funds, including the analysis of fund managers, annual reports, and any competitive advantages. Additionally, in analyzing and selecting mutual funds, RHG uses public and private research sources, fund reporting, and fund conference calls. RHG reviews key characteristics such as historical performance, consistency of returns, risk level, size of fund, etc. Expense ratio and other costs are also significant factors in fund selection."

Cyclical Analysis

RHG may utilize cyclical analysis that involves analysis of business cycles to find favorable conditions for buying and/or selling a security.

Charting Analysis

RHG may utilize charting analysis that involves the use of patterns in performance charts. RHG uses this charting technique to search for patterns used to predict favorable conditions for buying and/or selling a security.

Technical Analysis

The effectiveness of technical analysis depends upon the accurate forecasting of major price moves or trends in the securities traded by RHG. However, there is no assurance of accurate forecasts or that trends will develop in the markets followed by RHG. In the past, there have been periods without discernable trends and, presumably, such periods will occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that such an approach requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may under perform other trading methods when fundamental factors dominate price moves within a given market.

Investment Strategies for Managing Portfolios

RHG may use long-term holding, tactical asset allocation, cash as a strategic asset, dollar-cost-averaging, defensive, and margin in the construction and management of client portfolios.

Long-term Holding

RHG's primary strategy consists of purchasing, holding, and rebalancing a diversified portfolio of mutual funds. RHG typically intends to buy to hold these investments except when sales are necessary to rebalance the portfolio, for tax planning, or to fund replacement acquisitions. When selecting investments, RHG may focus on the potential for income and/or growth, depending on the client's investment objectives.

RHG does not generally purchase securities for clients with the intent to sell the securities within 30 days of purchase, as RHG does not use short-term trading as an investment strategy. However, there may be times when RHG will sell a security for a client when the client has held the position for less than 30 days.

Tactical Asset Allocation

RHG may use a tactical asset allocation strategy in the shorter term to deviate from a client's long-term strategic asset allocation target in an effort to take advantage of what we perceive as market pricing anomalies or strong market sectors, or to avoid perceived weak sectors. RHG considers this a moderately active strategy since we return the portfolio to its original strategic asset mix if we achieve desired short-term profits or the perceived opportunity ends. There is no guarantee that this strategy will be successful and we make no promises or warranties as to the accuracy of our market analysis.

Cash as a Strategic Asset

RHG may use cash as a strategic asset and may at times move or keep client's assets in cash or cash equivalents. RHG makes no guarantees, promises, or warranties as to the accuracy of our market analysis.

Dollar-Cost-Averaging

Dollar cost averaging involves investing money periodically, to take advantage of price fluctuations in the attempt to get a lower average cost per share.

Defensive Strategies

RHG has full discretion in how we allocate client accounts among security types, and for the allocation ranges we use when rebalancing a client's portfolio. Actual allocation will vary over time in accounts. At any time, client accounts may hold significant levels of cash and/or cash equivalents. Account allocations are likely to vary significantly compared to the overall equity markets as well as compared to any particular benchmark.

Margin

Some clients of RHG maintain margin accounts. Accordingly, we may use margin transactions to implement investment advice given to these clients. Clients are responsible for any brokerage or margin charges in addition to advisory fees. While the use of margin borrowing can increase returns, it can also

magnify losses. Clients may specifically request that RHG limit or avoid the use of margin transactions in their accounts.

Concentrated Portfolios

RHG manages diversified portfolios of mutual funds for clients. However, to accommodate a client's specific request, we may consider managing client accounts by investing in a very limited number of securities. Clients should consider the fact that the risk of a very concentrated portfolio with limited diversification increases the possibility of substantial losses and depreciation of the portfolio in the event of an exogenous event, the concentrated stock or sector does not perform as expected, and/ or deteriorating economic or market circumstances domestically and/or internationally.

Additional Strategies

RHG may indirectly utilize additional investment strategies employed by the managers of the funds we recommend. These may include but are not limited to:

- Short-term Trading
- Short-Selling
- Option Strategies
- Trend Methodology
- Market Timing
- Hedging
- Leverage
- Inverse/Enhanced Market
- Reverse Convertible Notes

Clients interested in learning more about any of the above strategies should contact us for more information. We may also consider additional strategies by specific client request.

General Risk of Loss Statement

Prior to entering into an agreement with RHG, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at anytime be worth more or less than the amount invested; and
4. Only committing to RHG's management, those assets that the client believes are unneeded for current purposes and that are available for investment on a long-term basis, usually a minimum of five to seven years.

Risks

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase.

The benefits of investing through mutual funds include:

Professionally Managed

Mutual funds are professionally managed by investment adviser who research, select, and monitor the performance of the securities the fund purchases.

Diversification

Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.

Affordability

Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.

Liquidity

At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages:

Market Risk

Securities may decline in value due to factors affecting securities markets generally or particular industries. The value of a trust/fund may be worth less than the original investment.

Concentration Risk

A trust/fund that invests a substantial portion of its assets in securities within a single industry or sector of the economy may be subject to greater price volatility or adversely affected by the performance of securities in that particular sector or industry.

Reinvestment Risk

Income from a trust/fund's bond portfolio will decline when the trust/fund invests the proceeds from matured, traded, or called bonds at market interest rates that are below the portfolio's current earnings rate. A decline in income could affect the common shares' market price or their overall returns.

Leverage Risk

The use of leverage may lead to increased volatility of a trust/fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the trust/fund's portfolio, which may lead to increased market price declines. Fluctuations in interest rates on borrowings or the dividend rates on preferred shares that take place from changes in short-term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.

Foreign Investment Risk

Investment in foreign securities (both governmental and corporate) may involve a high degree of risk. Trusts/funds invested in foreign securities are subject to additional risks such as, but not limited to, currency risk and exchange-rate risk, political instability, and economic instability of the countries from where the securities originate. In regards to debt securities, such risks may impair the timely payment of principal and/or interest.

Alternative Minimum Tax (AMT)

A trust/fund may invest in securities subject to the alternative minimum tax.

Costs Despite Negative Returns

Mutual funds charge investors annual fees and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

Lack of Control

Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

Price Uncertainty

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

Different Types of Funds

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories; money market funds, bond funds (also called “fixed income” funds), and stock funds (also called “equity” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

Money Market Funds

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why “inflation risk,” the risk that inflation will outpace and erode investment returns over time, can be a potential concern for investors in money market funds.

Bond Funds

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC's rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards.

Some of the risks associated with bond funds include:

Credit Risk

There is a possibility that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects mutual funds that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

Interest Rate Risk

There is a risk that the market value of the bonds will go down when interest rates go up. Because of this, investors can lose money in any bond fund, including those that invest only in insured bonds or U.S. Treasury Bonds. Funds that invest in longer-term bonds tend to have higher interest rate risk.

Prepayment Risk

Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to “retire” its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

Stock Funds

Although a stock fund’s value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments. This is true for corporate bonds, government bonds, and treasury securities. Overall “market risk” poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons—such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same. For example:

Growth Funds

Growth funds focus on stocks that may or may not pay a regular dividend but have the potential for large capital gains. These funds favor companies expected to grow earnings, which could result in stock prices rising faster than the economy, and may be smaller and less seasoned companies. The smaller and less seasoned companies that may be in a growth fund have a greater risk of price volatility. Growth stocks, which can be priced on future expectations rather than current results, may decline substantially when expectations are not met or general market conditions weaken.

Equity Income Funds

Equity income funds stress current income along with growth, and may invest in stocks that pay regular dividends. These funds are subject to dividend payout risk, which is the possibility that a number of the companies in which the fund invests will reduce or eliminate the dividend on the securities held by the fund.

Small Cap Funds

Funds that invest in stocks of small companies involve additional risks. Smaller companies typically have higher risk of failure, and are not as established as larger blue-chip companies are. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

Mid Cap Funds

Funds that invest in companies with mid-range market capitalizations involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

Index Funds

Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all—or perhaps a representative sample—of the companies included in an index.

International Funds

International investments are subject to additional risks, including currency fluctuation, political instability, and potential illiquid markets.

Emerging Market Funds

Funds that invest in foreign securities of smaller, less-developed countries involve special additional risks. These risks include, but are not limited to currency risk, political risk and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector Funds

Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks.

TIPS Funds

Treasury Inflation Protection Securities (TIPS) are inflation-indexed securities structured to remove inflation risk. RHG does not utilize individual TIPS, but does participate in mutual funds and exchange traded funds that include TIPS within the underlying fund holdings.

Tax Consequences of Mutual Funds

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any *personal capital gains* when the investor sells shares, the investor may have to pay taxes each year on *the fund's capital gains*. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit, and cannot use losses to offset these gains.

Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market index. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

ETFs traditionally have been index funds, but in 2008 the U.S. Securities and Exchange Commission began to authorize the creation of actively managed ETFs.

Exchange-Traded Notes (ETNs)

An ETN is a senior, unsecured, unsubordinated debt security by an underwriting bank whose primary objective is to achieve the same return as a particular market index. Similar to other debt securities, the credit of the issuer is the only backing for ETNs, which have a maturity date. Although performance contractually ties to whatever index the ETN is intended to track, ETNs do not have any assets, other than a claim against their issuer for payment according to the terms of the contract. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETNs trade throughout the day on an exchange. ETNs, as debt instruments, are subject to risk of default by the issuing bank as counter party. This is the major design difference between ETFs and ETNs: ETFs are only subject to market risk whereas ETNs are subject to both market risk and the risk of default by the issuing bank.

Closed-end Fund

Closed-end funds do not continually offer their shares for sale. Rather, they sell a fixed number of shares at one time, after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market. Risk factors pertaining to closed-end funds vary from fund to fund. The following list of risk factors provides a review of those associated with generalized closed-end fund investing. Not every risk factor in this list will pertain to each closed-end fund. In addition to the risks described above in mutual funds, closed-end funds are subject to the following risks:

Valuation Risk

Common shares may trade above (a premium) or below (a discount) the net asset value (NAV) of the trust/fund's portfolio. At times, discounts could widen or premiums could shrink, which could either dilute positive performance or compound negative performance. There is no assurance that discounted funds will appreciate to their NAV.

Fluctuating Dividends in Actively Managed Portfolios

The composition of the trust/fund's portfolio could change, which, all else being equal, could cause a reduction in dividends paid to common shares. Certain closed-end funds invest in common stocks. There is no guarantee of dividends from these common stocks. Fluctuations in dividend levels over time, up and down, are to be expected.

Certificates of Deposit (CDs)

RHG may recommend the purchase of certificates of deposit (CDs) when clients are searching for relatively low-risk investments. A CD is a special type of deposit account with a bank or thrift institution that typically offers a higher rate of interest than a regular savings account. CDs have set maturity dates and, as with other deposits held at FDIC member institutions, feature federal deposit insurance up to \$250,000.

Municipal Bonds

Municipal bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should

compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket.

Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk. Investing in municipal bonds additionally carries AMT risk. For those accounts seeking preservation of capital and current income exempt from taxation, where possible, we do not invest in municipal bonds subject to the Alternative Minimum Tax ("AMT").

General Obligation vs. Revenue Bonds

Typically, investors consider General Obligation bonds (GOs) to be safer than Revenue bonds since the full faith and credit of the issuer backs the interest and principal payments. With revenue bonds, the interest and principal are dependent upon the revenues paid by users of the facility or service. Frequently the issuers of revenue bonds are either private sector corporations (e.g. hospitals) or entities that exist, often in local monopoly form, to provide a public service (e.g. power utilities or public transportation authorities). Thus the thought is that the consumer spending that provides the funding or income stream for revenue bond issuers may be more vulnerable to changes in consumer tastes or a general economic downturn compared to a State or city's ability to raise taxes to pay for its GO commitments.

Cash and Cash Equivalents

Client accounts may hold cash or invest in cash equivalents, which are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

ITEM 9 - DISCIPLINARY INFORMATION

RHG does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

RHG does not offer any other services or have any affiliates in the financial industry.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

RHG owes its clients the highest level of trust and fair dealing. Further, as part of its fiduciary duty, RHG places the interests of clients ahead of the interests of the firm and Mr. Gillons. Mr. Gillons is required to conduct himself with integrity at all times and follow the principles and policies detailed in the firm's Code of Ethics.

RHG's Code of Ethics attempts to address specific conflicts of interest that either have been identified or that could likely arise. Mr. Gillons is required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment and adherence to applicable state and federal securities laws. Further, he will conduct trading activity in personal accounts in a manner that ensures that the interests of clients come first (see ***Personal Trading Practices*** below). RHG maintains all required personal securities transaction records.

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

Personal Trading Practices

Additionally, RHG's personnel are subject to personal trading policies governed by the Code of Ethics. RHG and our personnel may invest in securities that we also recommend to clients. Securities transactions on behalf of clients primarily consist of mutual funds, which do not trade but are issued and redeemed once daily at the fund's net asset value ("NAV"). Therefore, we believe that personal transactions in mutual funds do not present a conflict of interest to our clients. The Code of Ethics includes additional restrictions for our personnel in the rare event that we make non-mutual fund purchases or sales in our personal accounts.

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

ITEM 12 - BROKERAGE PRACTICES

Factors Considered in Selecting Broker-Dealers for Client Transactions

RHG requires clients to open one or more custodian accounts in their own name at a custodian of the client's choice. For clients in need of brokerage or custodial services, RHG may recommend the use of Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services, Inc. ("Fidelity"), a registered broker-dealer, Member SIPC. RHG is independently owned and operated, and unaffiliated with Fidelity.

Fidelity may charge commissions (ticket charges) for executing our transactions. RHG does not receive any part of these separate charges. We may recommend that clients establish accounts with Fidelity to maintain custody of clients' assets and to effect trades for their accounts. Fidelity may provide us with access to their institutional trading and custody services, which are typically not available to Fidelity retail investors. Fidelity's services include brokerage custody, research 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. Clients that choose to have their assets held at Fidelity will not be charged separately for custody. However, Fidelity receives compensation from account holders through commissions, other transaction-related fees, and/or securities trades executed through Fidelity or that settle into Fidelity.

RHG uses several factors to evaluate Fidelity for client recommendation. Factors that RHG may consider when recommending Fidelity may include ease of use, reputation, service execution, pricing

and financial strength. RHG may also take into consideration the availability of the products and services received or offered.

Research and Other Soft Dollar Benefits

Fidelity makes available to us other products and services that may benefit RHG but may not directly benefit its clients' accounts. These types of services will help us in managing and administering client accounts. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of our fees from our clients' accounts; and assist with back-office functions, record keeping, and client reporting. Many of these services may be used to service all or a substantial number of our accounts. We place trades for our Clients' accounts subject to our duty to seek best execution and other fiduciary duties. Fidelity's execution quality may be different from other broker-dealers'.

Fidelity may also provide other benefits such as educational events, conferences on practice management, regulatory compliance, information technology, and business success. Fidelity 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 RHG.

As part of our fiduciary duties to clients, RHG endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by RHG or our related persons in and of itself creates a potential conflict of interest and may indirectly influence RHG's recommendation of Fidelity for custody and brokerage services.

Brokerage for Client Referrals

RHG does not receive client referrals from any broker-dealer in exchange for using that broker-dealer.

Directed Brokerage

Except when providing advice to retirement plans or plan participants, RHG does not allow clients to direct us to use a specific broker-dealer to execute transactions. Clients must use the broker-dealer/custodian that they selected to custody their account(s) to execute transactions. Not all investment advisers require their clients to direct brokerage. By requiring clients to use their chosen broker-dealer/custodian, RHG believes we may be able to more effectively manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio.

Retirement plan and plan participant clients that require RHG to use a particular broker-dealer for all trading may pay higher commission charges. Under these circumstances, RHG may not have authority to negotiate commissions or obtain volume discounts, or seek best execution. Retirement plan and plan participant clients should further understand that a disparity in transaction charges might exist between the transaction costs charged to other clients.

Aggregation and Allocation of Transactions

RHG enters transactions for each client independently and does not aggregate (combine) client orders. Aggregating trades may benefit clients by purchasing or selling in larger blocks in an attempt to take advantage of better pricing or lower trading costs. However, we do not feel that clients are at a disadvantage because we do not aggregate client orders. RHG primarily uses mutual funds to manage client accounts. Mutual funds are priced once daily. As the daily price is the same for each investor, we have no opportunity to obtain better pricing through aggregating even if we place trades of the same fund for multiple clients within a single order. Additionally, the broker-dealer/custodians charge each account an individual transaction fee regardless of whether we aggregate or not. This prevents us from lowering trading costs through aggregation.

ITEM 13 - REVIEW OF ACCOUNTS

Managed Account Reviews

RHG manages and reviews the accounts of most clients on a continuous basis. RHG considers overall investment management, market prospects, and individual mutual funds in the review process. Triggering factors that may affect an account review could be any material change in a client's account such as underperformance of a fund, identification of a better performing fund, or other relevant situations that may alter a client's account. Richard H. Gillons, Managing Member, conducts all account reviews.

In addition, we may conduct a special review of an account based one or more of the following:

1. A change in the client's investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations; and/or
4. Material cash deposits or withdrawals.

Account Reporting

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. RHG may provide individual written mutual fund performance reports to clients during annual meetings with clients.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

RHG does not utilize solicitors or pay referral fees.

Outside Compensation

RHG may refer clients to unaffiliated professionals for a variety of services such as insurance, mortgage brokerage, real estate sales, estate planning, and outside money management. In turn, these professionals may refer clients to RHG.

RHG does not receive any monetary compensation for referring such clients. However, it could be concluded that RHG is receiving an indirect economic benefit from the arrangement as the relationships are mutually beneficial and there could be incentive to recommend services of those who refer clients to RHG. RHG will never share information with an unaffiliated provider unless first authorized by the client. Clients are under no obligation to purchase any products or services through these professionals.

If the client desires, RHG will work with these professionals or the client's other advisers (such as an accountant, attorney, or other investment adviser) to help coordinate services for the client. RHG will never share information with an unaffiliated professional unless first authorized by the client.

ITEM 15 - CUSTODY

RHG does not take custody of client funds or securities.

ITEM 16 - INVESTMENT DISCRETION

RHG has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. RHG will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions may limit RHG's discretionary authority, such as where the client prohibits transactions in specific security types. See also ***Item 4 - Tailored Services and Client Imposed Restrictions***, above.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

RHG does not accept or have authority to vote client securities and will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

ERISA

For accounts subject to ERISA, an authorized plan fiduciary other than RHG will retain proxy voting authority. RHG's investment advisory agreement and/or the plan's written documents will evidence and outline this authority.

Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

Class Actions

RHG does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

ITEM 18 - FINANCIAL INFORMATION

RHG does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Form ADV, Part 2B Brochure Supplement

Richard H. Gillons

RHG Advisors, LLC

21320 N. 56TH STREET #1079
Phoenix, AZ 85054
480-575-5480

March 7, 2011

This brochure supplement provides information about Richard H. Gillons that supplements the RHG Advisors, LLC brochure. You should have already received a copy of that brochure. Please contact Richard H. Gillons if you did not receive RHG Advisors, LLC brochure or if you have any questions about the contents of this supplement.

Additional information about Richard H. Gillons also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Richard H. Gillons, b. 1936

Education:

Stonier Graduate School of Banking, Certificate in Banking, 1968

Northwestern University, BS in Business Administration with a Major in Banking, 1958

Business Background:

RHG Advisors LLC, 05/04 to present

Richard H. Gillons, Investment Adviser, Sole Proprietor, 10/00 - 05/04

RHG Associates, LLC, Investment Adviser, 10/98 - 10/00

Cornell University, Senior Investment Officer, Fixed Income, 06/72 - 10/98

Marine Midland Bank - Central (HSBC), VP and Trust Investment Officer, 02/61 - 06/72

Goodbody & Co., Registered Representative, 06/58 - 02/61

ITEM 3 - DISCIPLINARY INFORMATION

Richard H. Gillons has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Richard H. Gillons' only business is providing investment advice through RHG.

ITEM 5 - ADDITIONAL COMPENSATION

Richard H. Gillons' only compensation comes from his regular salary and ownership of RHG.

ITEM 6 - SUPERVISION

Richard H. Gillons is RHG's only employee and not supervised by any other individual.

FACTS

WHAT DOES RHG ADVISORS LLC DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- account balances and transaction history
- assets and risk tolerance

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons RHG Advisors LLC chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does RHG Advisors LLC share?	Can you limit this sharing?
For our everyday business purposes - as permitted by law	YES	NO
For our marketing purposes - to offer our products and services to you	NO	We Don't Share
For joint marketing with other financial companies	NO	We Don't Share
For our affiliates' everyday business purposes - information about your transactions and experiences	NO	We Don't Share
For our affiliates' everyday business purposes - information about your creditworthiness	NO	We Don't Share
For nonaffiliates to market to you	NO	We Don't Share

Questions?

Call (480) 575-5480

WHO WE ARE

Who is providing this notice?	RHG Advisors LLC
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WHAT WE DO

How does RHG Advisors LLC protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does RHG Advisors LLC collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> • seek advice about your investments • enter into an investment advisory contract • tell us about your investment or retirement portfolio • tell us about your investment or retirement earnings • give us your contact information <p>We also collect your personal information from other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> • sharing for affiliates' everyday business purposes - information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>

DEFINITIONS

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>RHG Advisors LLC has no affiliates</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> • <i>RHG Advisors LLC does not share with nonaffiliates so they can market to you</i>
Joint Marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • <i>RHG Advisors LLC doesn't jointly market</i>