



# Form ADV Part 2A

Last Updated: September 25, 2014

## VFG Advisors, Inc.

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*This brochure provides information about the qualifications and business practices of VFG Advisors, Inc. ("VFGA"). If you have any questions about the contents of this brochure, please contact Tuan Ngo at (310) 410-8341 and/or via email at [compliance@vfgroup.net](mailto:compliance@vfgroup.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

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

*Although VFGA may use the term "registered investment adviser" or use the term "registered" through this Form ADV Part 2A, the use of these terms is not intended to imply a certain level of skill or training.*

## **Item 2 - Material Changes**

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The Material Changes section of this brochure will be updated annually and/or when material changes occur since the previous release of the VFG Advisors, Inc. ("VFGA") Brochure. A summary of changes is necessary to inform clients of any substantive changes to VFGA's policies, practices or conflicts of interests so that they can determine whether to review the brochure in its entirety or to contact VFGA with questions about the changes.

This Brochure is dated September 25, 2014. The material changes to this Brochure from our prior Brochure dated March 27, 2014 are as follows:

VFGA was previously registered with the U.S. Securities and Exchange ("SEC") as a "multi-state advisor" qualifying for SEC registration under the multi-state exemption due to the need for the firm to be registered in 15 or more states based on those individual state registration requirements. Based on the firm's annual review of those state requirements on September 1, 2014, VFGA no longer qualifies for the SEC's "multi-state" exemption, since the firm only requires registration in these five states: California, Michigan, Nevada, Ohio and Texas.

Therefore, VFGA has filed a conversion filing to switch from SEC registration to State registration in those 5 states on September 25, 2014.

This conversion from SEC to State registration does not affect customer accounts or their investment adviser representative's registration status with VFGA. Customers should consult with their investment adviser representative or VFGA management if they have any questions about the conversion filing, the firm's State registration status, or any other questions they may have.

There have been no other material changes since our prior brochure dated March 27, 2014.

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## Item 4 - Advisory Business

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VFG Advisors, Inc. ("VFGA") is a registered investment adviser firm established in 2009 to provide investment advisory services to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates and charitable organizations (herein referred to as "Client" or "Clients").

### Principal Owner

For the purpose of this section, VFGA lists its principal owners as any person/entity directly owning 25% or more of VFGA as disclosed on Schedule A of Part 1A as of the date of the last update filing.

VFGA's principal owners are as follows:

- **Vanclef Financial Group, Inc.** is the parent company and direct owner of **VFG Advisors, Inc.** with 100% ownership.
- **Jason B. Vanclef** is the direct owner of **Vanclef Financial Group, Inc.** with 100% ownership

**Jason B. Vanclef** is the CEO and President of Vanclef Financial Group, Inc. (an insurance agency), as well as VFG Advisors, Inc. (a registered investment adviser), and VFG Securities, Inc. (a FINRA-member broker-dealer and sister company of VFG Advisors, Inc.).

Mr. Vanclef was born in 1971 and graduated from Cal Poly San Luis Obispo in 1994 with a B.S. in Biological Chemistry. He has been a licensed securities and estate planning professional since 2006.

VFGA is not a publicly held company.

### Use of Professional Designations



Accredited Estate Planner

This accreditation acknowledges designees their experience and specialization in estate planning.

### Certified Estate Planner (CEP®).

The National Institute of Certified Estate Planners (NICEP) is an Indiana not-for-profit corporation, and a tax-exempt entity under Internal Revenue Code 501(c)(6). It is established as a supporting organization for the purpose of educating primarily financial, legal, and tax professionals in matters of estate planning.

The NICEP provides sufficient educational courses and examinations to certify those professionals that successfully complete these programs with either the certification **CEP®** (Certified Estate Planner™), or **MCEP®** (Master Certified Estate Planner™).

These trademark certifications are nationally recognized as a standard for estate planning excellence, and are used by permission of the NICEP alone. They may only be used by those who satisfactorily complete the coursework and qualifying examinations, maintain their annual certification fees and continuing education requirements, and adhere to a strict code of professional ethics.



## Certified Financial Planner

A standard certification for advisors, designees are exposed to nearly 100 topics on integrated financial planning. Major topics include, but not limited to: insurance, employee benefits, securities, state and federal tax, estate tax and planning, asset protection, etc.



## Chartered Financial Consultant

Individuals holding this designation understand the fundamentals of financial planning, including income tax, insurance, investment and estate planning.



## Chartered Life Underwriter

A prestigious certification for advisors, designees is exposed to nearly 100 topics on integrated financial planning. Major topics include, but not limited to: insurance, employee benefits, securities, state and federal tax, estate tax and planning, asset protection, etc.

### **Assets Under Management (AUM)**

As of June 30, 2014, the number of client accounts and amount of client assets under advisement is as follows:

Discretionary:	\$ 0.00 (0 Accounts)
Non-discretionary:	\$ 74,000,000.00 (Approx. 770 Accounts)

VFGA's method for computing the amount of "client assets you manage" is the same method for computing "assets under management." The amount as disclosed above is rounded to the nearest \$1,000. The date of the calculation above is as of the fiscal year end and not more than ninety (90) days before the annual filing of this Brochure.

Account values are retrieved and downloaded from the 3<sup>rd</sup> party advisors and custodians as of months' end. Inactive accounts are not included. Values were summed, aggregated and rounded for total AUM. The number of accounts were aggregated and rounded for total accounts.

### **Types of Advisory Services Offered**

#### **Investment Management Services**

VFGA offers clients investment advisory services as covered in the Investment Management Agreement ("IMA") where each Client may receive specific investment related consultative services. VFGA may assist client in determining, among other things, suitability, investment objectives, goals, time horizons, and risk tolerances within the Plan.

#### **Use of Third-Party Money Managers**

The primary and almost exclusive type of advisory service offered at VFGA is the use of third-party money managers for a fee. Investment Advisor Representatives (IARs) of VFGA seek to provide access to third-party advisers that meet the criteria of the client as described. IARs may charge an annual fee

based upon assets under management (see below), and as agreed upon in the VFG Advisory Services Agreement. Third-party advisers, under an agreement with VFGA shall pay a solicitor's fee to IARs of VFGA which generally ranges from 50 basis points to 1.00%, or as agreed upon. Third party advisers, under a separate agreement with Client, may charge administrative, management, and transaction fees in addition to the fees charged by VFGA. Fees for third-party money management are generally payable quarterly in advance and are deducted from the money market balance by the manager from the account. If an account does not carry an adequate amount of cash in the money market to pay for management fees, clients may be notified and may be required to liquidate an investment in order to fund the money market account.

In the selection of other advisers, VFGA shall perform stringent due diligence review which includes, but is not limited to the following: gathering of Form ADV and other disclosure documentation of the adviser; conference call with portfolio managers; review of audited financial reports and other accounting documentation; review of investment style, objective and drift; and performance reporting. Only state or SEC registered investment advisers who are in good standing and have notice-filed in the State of California may be selected. Form ADV of the respective third party adviser is available upon request for more specific information.

### **Financial Planning Services**

VFGA does not offer financial planning services directly to Clients at this time. If at some point in the future VFGA decides that it will offer financial planning services, this brochure will be revised to include a description of how those services will be offered and implemented.

### **Hourly Consultation Services**

In addition to offering investment management services, VFGA may also offer general consulting services on an hourly basis. For consultation services as provided by VFGA, Client may agree to pay VFGA an hourly rate ranging from \$200-\$500 per hour. This hourly consultation service may take the form of general consulting and/or general investment advice for individuals and/or institutions. It may also take the form of investment advice for individuals or institutions that do not meet the minimum requirement for the investment management service. Additionally, it may also take the form of corresponding and/or coordinating with attorneys, CPAs and/or other professionals, as well as document production and other administrative services.

### **Wrap Programs**

VFGA does not participate in a wrap fee program at this time. If at some point in the future VFGA decides that it will offer wrap program services, this brochure will be revised to include an Appendix I supplement containing a description of how those services will be offered and implemented.

### **Termination of Agreement**

For investment management services, clients who wish to terminate their agreement must notify VFGA in writing directly to VFGA within five (5) business days of its execution. If services are terminated within (5) business days of executing the client agreement, services will be terminated without penalty. After the initial five (5) business days, the client may be responsible for payment of fees for the number of days services are provided by VFGA prior to receipt of the notice of termination. VFGA shall refund any/all pre-paid unearned fees on a pro-rata basis.

For accounts with selected third-party money managers, the request for refunds is made directly to the custodian of assets (or third-party money manager) and is subject to their policies and procedures. Changes to fees after the establishment of the client account must be agreed to in writing by all parties. Termination of the account must be requested in writing to VFGA at: 100 Corporate Pointe, Suite 382, Culver City, CA 90230-7612. See the Form ADV of the respective money management company and the VFGA Investment Advisory Services Agreement for further details. Please refer to the VFGA Investment Advisory Services Agreement for complete terms and conditions for advisory services provided. A copy of these agreements is available upon request and at no obligation.

VFGA may tailor its advisory services to the specific needs and objectives of each advisory client. Clients may also impose restrictions on investing in certain securities or types of securities. Most of which is generally covered in the client's investment advisory agreement.

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

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### **Investment Management Fees**

The following schedule describes the annual fees charged based on the amount of assets under management:

<u>Assets Under Management</u>	<u>Annual Fee*</u>
\$0-\$100,000	2.00%
\$100,001-\$500,000	1.75%
\$500,001-\$1,000,000	1.50%
\$1,000,001-\$1,500,000	1.25%
\$1,500,001-\$2,000,000	1.00%
\$2,000,001+	TBD

\* IAR's of VFGA may offer discounted rates from the rates listed under Fee Schedule. Discounts are provided at the discretion of the IAR and must be mutually agreed to in writing in the VFGA Investment Advisory Services Agreement.

### **Fees for Use of Third-Party Money Managers**

VFGA may charge an annual fee based upon assets under management (see above), and as agreed upon in the VFGA Advisory Services Agreement. Third-party advisers, under an agreement with VFGA may pay a solicitor's fee to IARs of VFGA which generally ranges from 50 basis points to 1.00%, or as otherwise agreed upon. Third-party advisers, under a separate agreement with client, may charge administrative, management, and transaction fees in addition to the fees charged by VFGA. Fees for third-party money management are generally payable quarterly in advance and are deducted from the money market balance by the manager from the account. If an account does not carry an adequate amount of cash in the money market to pay for management fees, clients may be notified and may be required to liquidate an investment in order to fund the money market account.

### **Third-Party Money Managers and Solicitor Arrangements Used by VFG Advisors**

VFGA may act as a solicitor and refer clients to unaffiliated third-party investment advisors offering asset management and other investment advisory services. We perform due diligence in selecting the third-party money managers we recommend. Third-party investment advisors recommended by us must be registered or exempt from registration in the state where you client reside. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Through this service, we assist Clients to identify their risk tolerance and investment objectives and then recommend money managers relative to those objectives and tolerances. Clients select a recommended third-party investment advisor based on client needs and enter into an agreement directly with the selected advisor, who provides the asset management services. Our representatives are available to answer Client questions regarding Client's account. Our representatives also act as the communication conduit between Clients and the third-party investment managers.

Third-party managed programs generally have account minimum requirements. These minimum requirements vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third party investment advisor's services, fee schedules and account minimums are disclosed in the third-party investment advisor's Disclosure Brochure that is provided to Clients at the time an agreement for services

is executed and an account is established. The type and frequency of reports provided to Clients also depends on the third-party investment advisor selected.

Third-party investment advisors may take discretionary authority to determine the securities to be purchased and sold. We do not have any discretionary authority and are not responsible for selecting investments or implementing trades in Clients' accounts. We are responsible for determining the initial and on-going suitability and also for maintaining Clients' current information.

When referring clients to third-party money managers, we are paid a portion of the fee charged and collected by the third-party investment advisor in the form of solicitor fees or consulting fees. Clients do not directly pay us for this referral service and our solicitor/referral fee does not appear as a direct cost to Clients. However, the third-party money manager takes our solicitor/referral fee into consideration when determining the total fee charged to Clients. The third-party money manager also considers other factors when determining the fee, such as the amount of assets under management and the number of client accounts. The actual fee charged to clients varies depending on the third-party investment advisor selected.

We reviewed the performance of numerous third-party investment advisor firms and recommend the programs described below. Clients are advised that there may be other third-party managed programs that may also be suitable and that may be more or less costly. No guarantees can be made that Clients' financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

**Hanlon Investment Management**

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3393 Bargaintown Road  
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**Howard Capital Management**

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Roswell, GA 30076  
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770.642.4906 fax  
<http://howardcm.com/>

**ITS Asset Management, L.P.**

1720 Washington Road  
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Washington, PA 15301  
800.765.4877 Toll Free  
724.745.2300 Phone  
724.745.0900 Fax  
[www.itsconnect.com](http://www.itsconnect.com)

**Fidelity Institutional Wealth Services**

800.735.3756 Phone  
<https://fiws.fidelity.com/app/home>

**Integrity Bank and Trust  
Wealth Management Office**

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Colorado Sprints, CO 80921  
P: (719) 955-4801  
F: (719) 488-8887  
[www.integritybankandtrust.com](http://www.integritybankandtrust.com)



**W.E. Donoghue & Co. Inc.**

Registered Investment Advisor Since 1986  
629 Washington Street  
Norwood, MA 02062  
(800) 642-4276  
[www.donoghue.com](http://www.donoghue.com)

Each of these third-party money managers charge 2.2% of total customer account assets under their management by agreement.

**Hourly Consulting Fees**

Hourly consulting services are available at hourly rate ranging from \$200-\$500 per hour.

Fees charged to clients may be higher or lower than the aforementioned fees depending on the nature of any pre-existing relationship, the complexity of the accounts, or terms and conditions of any outstanding or pre-existing verbal or written agreement to which VFGA is a party. Fees are generally negotiable between IAR and client.

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

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Neither VFGA or any of its supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a client that is a hedge fund or other pooled investment vehicle). Therefore, there are no conflicts of interest that VFGA or its supervised persons may face by managing these accounts at the same time, to include any incentive to favor accounts for which VFGA or its supervised persons receive a performance-based fee.

**Item 7 - Types of Clients**

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VFGA provides investment advisory services to individuals and high net worth individuals.

**Requirement for Opening Accounts (Minimum Investment Amount)**

VFGA's fee range for each particular service is subject to negotiation and could vary depending upon various circumstances, including the scope of the services to be provided (the fee ranges for existing clients prior to current calendar year may differ from those indicated). However, VFGA does not impose certain requirements for opening and/or maintaining an account, such as a minimum account size or minimum fees and fee ranges.

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

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**Methods of Analysis**

VFGA's securities analysis methods may include charting, fundamental analysis and technical analysis.

As with most investment products, because investment portfolios include securities, investing in securities involves risk of loss that you as our client should be prepared to bear.

**Use of Significant Investment Strategy**

VFGA does not use any significant investment strategy at this time. However, in the event that VFGA employs a frequent trading strategy for its clients, it is important to note that such a strategy can have an effect on investment performance, particularly through increased brokerage and other transaction costs and taxes.

VFGA may include recommendations to qualified, accredited investors to purchase certain Private Placements and non-traded REITS into their portfolios when appropriate and suitable. These products have the following risks: risk of illiquidity, loss of the client's principal investment, no secondary market to liquidate shares or units, tax consequences are highly complex, often such products have a limited operating history, very susceptible to economic conditions, are inherently volatile, in ability to accurately value the products, risky holdings and transactions, conflicts of interest within the product, credit risk, leverage risk, limited regulatory oversight or the absence of regulatory oversight. The products are speculative in nature and involve a high degree of risk. Such products are not for an investor with a need for liquidity.

## **Item 9 - Disciplinary Information**

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### **Disclosure Events**

There are no disclosure events involving a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which VFGA or its management personnel are involved.

There are no disclosure events involving an administrative proceeding before the SEC, any other federal regulatory agency, or any foreign financial regulatory authority in which VFGA or its management personnel are involved.

There is one disclosure event involving a self-regulatory organization (SRO) proceeding in which VFGA and its principal (Mr. Jason Vanclef) is involved. In 2011, VFGA was served notice of a complaint by the State of Colorado's Department of Regulation Agency (DORA) against VFG Advisors, Inc. ("VFGA"), VFG Securities, Inc. ("VFGS"), and Jason Vanclef as firm principal for employment of an unlicensed supervised person / investment adviser representative. VFGA, VFGS, and their associated persons were ordered to withdraw their respective registrations from the State of Colorado, and to refrain from conducting any securities or advisory business within the State of Colorado with or for residents in Colorado for a period of 3 years, or until the State of Colorado re-approves VFGA, VFGS and Vanclef's registrations in their state.

More details of the case can be found on the Investment Advisor's Public Disclosure site (IAPD) at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov), or the BrokerCheck link, which is [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

### **VFGA's Management Personnel**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Other than what is disclosed above in the prior paragraph, VFGA has no legal or disciplinary events that are material to your evaluation of our business. However, in the interest of full disclosure, and the fact that the following disclosure may be considered by even one customer as material to the integrity of our management, VFGA makes the following disclosure.

Mr. Jason Vanclef, VFGA's President and CEO, has been the subject of 6 customer-initiated complaints received since August 2012. Each of these disputes involve customer purchases of non-traded real estate investment trust investments or tenant-in-common real estate purchases, and specifically include claims that the investment recommendations were not suitable. Mr. Vanclef and VFGA believe that each dispute is a direct result of the real estate market crisis, not a result of any wrong doing by Mr. Vanclef. Each of these disputes has been settled. There are no other disclosure events for Mr. Vanclef or any other VFGA Management Personnel.

The details of these cases can be found on the Investment Advisor's Public Disclosure site (IAPD). Clients can access IAR disciplinary history by clicking on the IAPD link, which is [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov), or the BrokerCheck link, which is [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

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

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### **Broker/Dealer Affiliation**

Investment Adviser Representatives and Supervised Persons associated with VFG Advisors, Inc. may also be Registered Representatives with VFG Securities, Inc., an affiliated, registered broker/dealer, and member of FINRA and SIPC. VFG Advisors and VFG Securities are under common ownership by Vanclef Financial Group, Inc., which is wholly owned by Jason Vanclef. As such, Investment Adviser Representatives may recommend securities products for a commission through a non-advisory account. This could present a potential conflict of interest in that Investment Adviser Representatives could receive commissions through the broker-dealer if the client chooses to implement recommendations made in their capacity as a registered representative. However, clients are under no obligation to purchase products that Investment Adviser Representatives recommend, or to purchase products through VFG Securities. All material conflicts of interest are disclosed regarding VFGA which could be reasonably expected to impair the rendering of unbiased and objective advice.

Neither VFGA nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

On occasion, VFGA and its management persons may own securities products that are managed and custodied by institutional, third-party money managers that are also recommended to clients which may present a potential conflict of interest. Such securities are kept in separate accounts by said money managers and are not commingled.

Additionally, as a preventative measure, all client transactions will be conducted and implemented before any such transaction relating to any personal accounts of any affiliated persons of VFGA. In addition to this measure, all of the aforementioned management persons of VFGA will act in accordance with applicable securities laws and conduct their business to ensure overall compliance with Insider Trading rules and the Securities Fraud Enforcement Act of 1988.

In the event the client chooses to purchase investment products through VFGA's management persons, in their individual capacities as registered representatives, they may receive brokerage commissions to effect securities transactions through VFGS. The brokerage commissions charged by VFGS may be higher or lower than those charged by other broker-dealers. In addition, VFGA, as well as VFGA's management persons (as applicable), relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

IARs may also provide securities products through a non-affiliated broker/dealer and may be paid a commission for said products. Clients of VFGA are under no obligation to act upon the recommendations made by IARs of VFGA nor are they required to effect said securities transactions through an IAR of VFGA in their capacity as a registered representative of a non-affiliated broker/dealer firm. Lower fees for comparable services may be available from other sources.

### **Insurance Agency Affiliation**

VFGA maintains certain relationships and/or arrangements that are material to its advisory business or to its clients that VFGA or its management persons may have with a related person. For example, Jason B. Vanclef, President and CEO of VFG Advisors, Inc., also performs executive duties as President and CEO of Vanclef Financial Group, a licensed life insurance agency, and VFG Securities, Inc., a registered broker-dealer. He is also a Series 7 Registered Representative and Series 24 General Securities Principal of VFG Securities, Inc., and a Series 66 investment adviser representative of VFG Advisors, Inc. Mr. Vanclef offers securities products and services to clients which he may receive a commission or fee for. Mr. Vanclef is also a licensed life insurance agent in the State of California and offers insurance products through carriers in which he is appointed and for which he may be paid a commission, and in such capacity, may recommend, on a fully disclosed basis, the purchase of certain insurance-related products. This may present a potential conflict of interest between VFGA's interests and those of its

advisory clients. However, clients are under no obligation to purchase products VFGA or it's supervised or management persons may recommend, or to purchase products or services through VFGA, its affiliated companies, its supervised persons or its management persons.

### **Selection of Other Investment Advisers**

VFGA may recommend or select other investment advisers for its clients and receive compensation directly or indirectly from those advisers that may create a conflict of interest (see Item 4 Advisory Business: Use of Third-Party Money Managers above for further details).

### **Real Estate 4 U**

Based on results from certain VFGA client portfolio reviews, including suitability, risk tolerance and investment objectives, certain VFGA IARs may recommend that clients include real estate in their portfolios in an effort to meet their stated objectives. VFGA IARs may refer VFGA clients to "Real Estate 4 U", a real property investment company for which they may be paid a referral fee. This may present a potential conflict of interest between VFGA's IARs' interests and their advisory clients. However, clients are under no obligation to purchase real estate through Real Estate 4 U which VFGA's supervised or management persons may recommend, or to purchase products or services through VFGA, its affiliated companies, its supervised persons or its management persons.

### **Disclosure of Material Conflicts**

All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding VFGA, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

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

### **Code of Ethics**

VFGA's Code of Ethics is based upon the principle that VFGA and its employees and supervised persons owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The purpose of VFGA's Code of Ethics is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct. As such, VFGA and its employees are prohibited from engaging in fraudulent, deceptive, or manipulative conduct. VFGA and its employees have an affirmative duty of utmost good faith to act solely in the best interest of its clients.

VFGA has adopted the following Code of Ethics in accordance with applicable state requirements:

- **Fiduciary Responsibility-** VFGA and its staff shall exercise the highest standard of care in protecting and promoting the interests of its clients, and will provide a written disclosure containing any conflicts of interest that may compromise their impartiality or independence. As fiduciary, VFGA shall not accept any referral fees or compensation that is contingent upon the purchase or sale of any financial product.
- **Integrity-** All professional services shall be rendered with the highest level of integrity.
- **Objectivity-** VFGA and its staff shall provide advice that is objective and in the best interest of the client and without conflicts of interest.

- Competence- VFGA and its staff shall maintain the necessary knowledge and skills to provide our clients with competent advice and services.
- Fairness- All professional services shall be performed by VFGA and its staff in a manner that is fair and reasonable to its clients.
- Confidentiality- VFGA and its staff shall maintain and safeguard all confidential client information in accordance with applicable laws.
- Diligence- VFGA and its staff shall ensure the accuracy and completeness of records, information, and data collected, used and managed, and will take necessary steps to correct any discrepancies.
- Regulatory Compliance- VFGA and its staff shall comply fully with appropriate laws and internal regulations.

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

### **Participation/Interest in Client Transactions**

On occasion, VFGA and its management persons may own securities products that are managed and custodied by institutional, third-party money managers that are also recommended to clients which may present a potential conflict of interest. Such securities are kept in separate accounts by said money managers and are not commingled. Additionally, as a preventative measure, all client transactions will be conducted and implemented before any such transaction relating to any personal accounts of any affiliated persons of VFGA. In addition to this measure, all of the aforementioned management persons of VFGA will act in accordance with applicable securities laws and conduct their business to ensure overall compliance with Insider Trading rules and the Securities Fraud Enforcement Act of 1988.

In the event the client chooses to purchase investment products through VFGA's management persons, in their individual capacities as registered representatives, they may receive brokerage commissions to effect securities transactions. The brokerage commissions charged by VFGA may be higher or lower than those charged by other broker-dealers. In addition, VFGA, as well as VFGA's management persons (as applicable), relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

IARs may also provide securities products through a non-affiliated broker/dealer and may be paid a commission for said products. Clients of VFGA are under no obligation to act upon the recommendations made by IARs of VFGA nor are they required to effect said securities transactions through an IAR of VFGA in their capacity as a registered representative of a non-affiliated broker/dealer firm. Lower fees for comparable services may be available from other sources.

## **Item 12 - Brokerage Practices**

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### **Research and Other Soft Dollar Benefits**

Regarding research and other soft dollar benefits, VFGA does not receive research (both proprietary and non-proprietary) or other products or services other than execution services from a broker/dealer or a third party in connection with client securities transactions (otherwise known as "soft dollar benefits").

### **Brokerage for Client Referrals**

VFGA does not have discretionary authority over the type or amount of securities to be bought or sold, broker or dealer to be used or commission rates paid.

## **Directed Brokerage**

Regarding directed brokerage arrangements, VFGA does not routinely recommend, request or require that clients direct VFGA to execute transactions through a specified broker-dealer. However, in the event that VFGA permits a client to direct brokerage, VFGA may be unable to achieve most favorable execution of client transactions. It is important to note that directed brokerage arrangements may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because VFGA may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

## **Aggregation of Client Orders**

It is VFGA's policy to aggregate client transactions where possible and when advantageous to clients. VFGA will not aggregate trades unless aggregation is consistent with its duty to seek best execution and the terms of VFGA's investment advisory agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client. Each client that participates in an aggregated order will participate at the average share price for that aggregated order's trade(s) in that security on a given business day. In those instances where it is not possible to purchase or sell the total position for all the accounts involved in a given trade, there shall be a pro rata division amongst the accounts participating in the combined security transaction so that each account receives or delivers the same portion or percentage of the reduced trade that they would have received in the total trade. Odd lot and other minimal share lots may be allocated at the trader's discretion.

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

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VFG Advisors invites clients for frequent account reviews with their investment advisor representative. Because VFGA does not have discretionary authority over client accounts, accounts are reviewed at the request and approval of the client. If and when an account is reviewed, overall investment management, market prospects and individual issue prospects are considered in the review process. Triggering factors that may affect an account review could be any material change in a client's account such as a change in company earnings, industry/company outlook as well as other economic factors. All account reviews are conducted by the investment adviser professional assigned to each account. VFGA investment adviser representatives will contact all clients at least annually to encourage a review of their financial objectives, account performance as well other relevant factors.

The nature and frequency of reports are determined by client need and the services offered. However, clients receive a detailed paper statement of their account from third party money manager(s) each month. Client account billing is reflected on quarterly statements provided by third-party money manager (s). Clients also have daily account viewing access through the chosen individual custodian / money manager's secure web site.

## **Individual Portfolio Management**

VFGA does not provide individual portfolio management. VFGA offers advisory accounts through third-party portfolio managers and outside advisory account custodians. VFGA monitors these accounts in a non-discretionary capacity. The underlying securities within the advisory accounts and the accounts themselves are continually monitored through exception reporting and statement review which occurs at least quarterly. IARs review these accounts with their customers at least annually. Accounts are reviewed in the context of each client's individually stated investment objectives and guidelines. More frequent reviews may be necessary and appropriate triggered by circumstances such as unusual trading patterns, frequency, volume, and size of transactions, material changes such as a client's personal circumstances, or the market, political or economic environment.

## **Third-Party Money Managers**

Clients who have these accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

### **Consulting Services**

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

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

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### **Receipt of Economic Benefit (non-client)**

VFGA does not receive an economic benefit for providing investment advice or other advisory services from someone who is not a client. Advisory services are offered by agreement only.

### **Direct / Indirect Compensation for Client Referrals**

Neither VFGA nor any of its related persons directly or indirectly compensate any person who is not its supervised person for client referrals.

## **Item 15 – Custody**

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Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. Please note that regulators have deemed the authorization to trade in client accounts to not be custody. However, we are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

## **Item 16 - Investment Discretion**

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VFGA does not have or accept discretionary authority to manage securities accounts or advisory portfolios on behalf of clients. However, investment discretion may be granted to the chosen third-party money manager by individual clients.

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

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VFGA does not have the authority to vote client proxies and therefore is not required to take action or render advice with respect to voting of proxies solicited by or with respect to the issuers of securities in

which assets of the clients account(s) may be invested from time to time. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients may contact VFGA directly at (310) 410-8341 if they have any questions regarding a particular solicitation.

For portfolios subject to ERISA, responsibility for proxy voting will be determined by the plan document. If an account is managed by a money manager/sub-adviser, the sub adviser will retain voting authority for that account.

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 - Financial Information**

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VFGA has no financial circumstances to report.

### **Pre-Payment of Fees**

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

### **Material Impact of Discretionary Authority**

VFGA does not exercise discretionary authority over client funds or securities. Further, VFGA does not anticipate any financial condition that may be reasonably likely to impair its ability to meet contractual commitments to clients at this time.

### **Custody Disclosure**

VFGA does not have custody of client funds or securities. Please see Custody section above for further details.

### **Bankruptcy Disclosure**

VFGA has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19 - Executive Officers and Management Persons**

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The following is a list of all principal executive officers and management persons, to include their formal education and business background information:

**Name:** Jason B. Vanclef, President and CEO  
**Year of Birth:** 1971  
**Education:** Cal Poly San Luis Obispo; B.S. in Biological Chemistry (1994)  
**Background:** VFG Advisors, Inc.; President and CEO (04/2009-Present)  
VFG Securities, Inc.; President and CEO (10/2009- Present)  
Vanclef Financial Group, Inc.; President and CEO (01/2002-Present)  
Madison Avenue Securities, Inc. Registered Rep./Advisory Rep. (02/2007-10/2009)



Sigma Financial Corp. Registered Representative (02/2006-02/2007)  
**Licenses:** FINRA Series 7 & 24; NASAA Series 66; California Insurance Licensed  
**Designations:** Graduate Estate Planning Consultant (GEPC)  
Certified Estate Planner (CEP)  
Registered Financial Consultant (RFC)

**Disclosure Events:** Mr. Vanclef has been the subject of 6 customer-initiated complaints filed since August 2012. All 6 of these disputes involve customer purchases of non-traded real estate investment trust investments or tenant-in-common real estate purchases, and claims that the investment recommendations were not suitable. Mr. Vanclef believes that all of these disputes are a direct result of the real estate market crisis, not a result of any wrong doing on his part. All cases have been settled. There are no other disclosure events for Mr. Vanclef.

The details of these cases can be found on the Investment Advisor's Public Disclosure site (IAPD). Clients can access IAR disciplinary history by clicking on the IAPD link, which is [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov), or the BrokerCheck link, which is [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

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**Name:** Edward L. Price, Chief Compliance Officer  
**Year of Birth:** 1951  
**Education:** United States Naval Academy; Bachelor of Science  
University of California, Berkeley; MBA: Finance/Accounting  
Columbia University, New York, NY; MBA Executive Seminar  
**Background:** VFG Advisors, Inc.: Chief Compliance Officer (10/2013 – Present)  
VFG Securities, Inc.: Chief Compliance Officer (10/2013 – Present)  
Capwest Securities, Inc.: Chief Operations Officer (2008 – 2011)  
2C Processor USA, Inc.: Chief Financial Officer (2005 – 2008)  
Financial West Group, Inc.: Chief Financial Officer (1987 – 2005)  
**Licenses:** FINRA Series 7, 24, 27; NASAA Series 66; California Insurance Licensed  
**Designations:** Certified Regulatory Compliance Professional (CRCP); Wharton University (2003)  
**Disclosure Events:** There are no disclosure events for Mr. Price.

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**Name:** Tuan Ngo, Director of Operations and Supervisory Principal  
**Year of Birth:** 1973  
**Education:** University of Texas at Arlington; Bachelor of Business Administration, (1996)  
**Background:** VFG Advisors, Inc.; Director of Operations and Supervisory Principal (07/2010 - Present)  
VFG Securities, Inc.; Director of Operations and Supervisory Principal (07/2010 - Present)  
Pershing, LLC; Assistant Vice President (01/2008 - 11/2008)  
Financial Network Investments Corp.; Operations Manager (12/2005 – 11/2007)  
Roberts & Ryan Investments Inc.; Operations Manager (09/2002 – 11/2005)  
**Licenses:** FINRA Series 4, 7, 9/10, 24, 53, 55 & 99; NASAA Series 63 & 65  
**Disclosure Events:** There are no disclosure events for Mr. Ngo.

All advisory fees (to include performance-based fees) and how these fees will be calculated are previously disclosed above in **Item 5**.

All relationships or arrangements involving management persons are previously disclosed in **Item 10**.

## Item 20 - Privacy Policy

### Privacy Policy Notice

Your privacy is important to us. Your personal information is kept secure. Under federal and state law, you have a right to know what information is being collected about you and how that information will be used. VFGA collects nonpublic personal information about you from the following sources:

- Information VFGA receives from you on applications or other forms.
- Information about your transactions with VFGA; and
- Information that you specifically have had your other professional advisors forward to VFGA.

VFGA does not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as directed by you:

- Under law, the information VFGA collects is provided to companies that perform support services on our behalf as necessary to effect, administer, or process a transaction, or for maintaining and servicing your account;
- As directed by you, VFGA will be working with your other professional advisors and VFGA will provide information in our possession that is reasonably requested by the other advisors.

VFGA does not give or sell information about you or your accounts to any other company, individual or group. VFGA restricts access to nonpublic personal information about you to those employees who need to know that information to provide services to you. VFGA maintains physical, administrative, and technical procedural safeguards to protect your nonpublic personal information. You do not need to call or do anything as a result of this notice. It is meant to inform you of how VFGA safeguards your nonpublic personal information.

### WHAT DOES VFGA Advisors ("VFGA") DO WITH YOUR PERSONAL INFORMATION?

<b>How does VFGA protect my personal information?</b>	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.
<b>How does VFGA collect my personal information?</b>	We collect your personal information, for example, when you <ul style="list-style-type: none"><li>• seek advice about your investments</li><li>• enter into an investment advisory contract</li><li>• tell us about your investment or retirement portfolio</li><li>• tell us about your investment or retirement earnings</li><li>• give us your contact information</li></ul> We also collect your personal information from other companies.
<b>Why can't I limit all sharing?</b>	Federal law gives you the right to limit only: <ul style="list-style-type: none"><li>• sharing for affiliates' everyday business purposes information about your credit-worthiness</li><li>• affiliates from using your information to market to you</li><li>• sharing for non-affiliates to market to you</li></ul> State laws and individual companies may give you additional rights to limit sharing.

Reasons we can share your personal information	Does VFGA share?	Can you limit this sharing?
For our everyday business purposes - as permitted by law	YES	NO

<b>For our marketing purposes - to offer our products and services to you</b>	<b>YES</b>	<b>NO</b>
<b>For joint marketing with other financial companies</b>	<b>NO</b>	<b>We Don't Share</b>
<b>For our affiliates' everyday business purposes - information about your transactions and experiences</b>	<b>NO</b>	<b>We Don't Share</b>
<b>For our affiliates' everyday business purposes - information about your creditworthiness</b>	<b>NO</b>	<b>We Don't Share</b>
<b>For non-affiliates to market to you</b>	<b>NO</b>	<b>We Don't Share</b>

<b>Questions?</b>		Call VFGA's Privacy Officer at (310) 410-8341.
<b>Why?</b>	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.	
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number and income</li> <li>• account balances and transaction history</li> <li>• assets and risk tolerance</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>	
<b>How?</b>	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 VFGA chooses to share; and whether you can limit this sharing.	