

**Firm Brochure ADV Part 2A**

The financial advisors of PFG Advisors are registered representatives with securities offered through LPL Financial, member FINRA/SIPC.

**Item 1 Cover Page**

**PFG Advisors, LLC**

Doing Business As: PFG Advisors

Registered Investment Adviser

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(800) 405-8850 – phone

(623) 565-8055 – fax

**March 24, 2016**

**NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY**

All the material within this Brochure must be reviewed by those who are considering becoming a client of our firm. This Brochure provides information about the qualifications and business practices of PFG Advisors. If you have any questions about the contents of this Brochure, please contact us at (800) 405-8850. In accordance with federal and state regulations, this Brochure is on file with the appropriate securities regulatory authorities as required. The information provided within this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States, or by the United States Securities and Exchange Commission. 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. Registration of a registered investment adviser does not imply any level of skill or training. Additional information about PFG Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since our last annual amendment dated March 31, 2015, we have made the following changes:

- Item 4 – Change in Chief Compliance Officer from Justin Jolly to Stacy VanderWerp
- Item 4 – Updated assets under management
- Item 5 – Added a Variable (Tiered) Fee option for asset management services
- Item 12 – Removed Charles Schwab & Company, Inc. as an external custodian used by the firm since we do not have an agreement in place with Charles Schwab & Company, Inc.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Disclosure Brochure may be requested by contacting us at (800) 405-8850 or at [vanderwerps@pfgteam.com](mailto:vanderwerps@pfgteam.com).

Additional information about PFG Advisors is also available via the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with PFG Advisors who are registered, or are required to be registered, as investment adviser representatives of PFG Advisors.

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#### **Item 4 –Advisory Business**

Maps Advisory Services, LLC has been an investment adviser registered with the Securities and Exchange Commission (“SEC”) since 2009. In December 2014, it was acquired by PFG Advisors, LLC and began doing business as PFG Advisors. Mr. Michael Prior is the Chief Executive Officer of PFG Advisors and Stacy VanderWerp is the Chief Compliance Officer.

PFG Advisors provides fee based investment advisory services for compensation primarily to individual clients and high-net worth individuals based on the individual goals, objectives, time horizon, and risk tolerance of each client. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

Advisor representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client. Any and all material conflicts of interest are disclosed herein.

#### **Asset Management**

PFG Advisors, through its investment advisor representatives (IARs), provides ongoing investment advice and management on assets in the client’s custodial accounts. Advice may be discretionary or non-discretionary as indicated in the client account agreement. More specific account information and acknowledgements are further detailed on the account application.

IARs provide advice on the purchase and sale of various types of investments, and will generally include advice regarding security types including by not limited to:

- Mutual funds
- Exchange-traded funds (“ETFs”)
- Variable annuity subaccounts
- Real Estate Investment Trusts (“REITs”)
- Equities
- Corporate debt securities (other than commercial paper)
- Certificates of Deposit
- Municipal Securities
- United States governmental securities
- Exchange-listed securities
- Securities traded over-the-counter

The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Because some types of investments involve certain additional degrees of risk, each security will only be recommended when consistent with the client’s stated investment objectives, risk tolerance, liquidity and suitability. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client’s investment profile.

## **Financial Planning Services**

As part of our financial planning services, PFG Advisors, through its IARs, may provide personal financial planning tailored to the individual needs of the client. These services may include, as selected by the client on the financial planning agreement, information and recommendations regarding tax planning, investment planning, retirement planning, estate needs, business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. Fees for such services are negotiable and detailed in the client agreement.

The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the Client to purchase given his/her financial situation and objectives. The Client is under no obligation to act upon the investment adviser's recommendation or purchase such securities through PFG Advisors and the IAR. However, if the Client desires to purchase securities or advisory services in order to implement his/her financial plan, PFG Advisors may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to PFG Advisors and the IAR.

A conflict exists between the interests of the investment adviser and the interests of the client. Depending on the type of account that could be used to implement a financial plan, such compensation may include (but is not limited to) advisory fees, advisory program wrap fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with an insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by PFG Advisors to the IAR. To the extent that IAR recommends that Client invest in products and services that will result in compensation being paid to PFG Advisors and the IAR, this presents a conflict of interest. This compensation to IAR and PFG Advisors may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service.

The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

PFG Advisors does not provide accounting or legal advice, and encourages clients to work closely with his/her attorney or CPA regarding these matters.

## **Hourly Consulting Services**

PFG Advisors, through its IARs, may provide consulting services including, as selected by the client in the consulting agreement, advice regarding tax planning, investment planning, retirement planning, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. The IARs may or may not deliver to the client a written analysis or report as part of the services. The IARs tailor the hourly consulting services to the individual needs of the client based on the investment objective and other relevant suitability factors chosen by the client. The

engagement terminates upon final consultation with the client. Fees for such services are negotiable and detailed in the client agreement.

## **Retirement Plan Consulting**

IARs of PFG Advisors may assist clients that are trustees or other fiduciaries to retirement plans (“Plans”) by providing fee-based consulting and/or advisory services. IARs may perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement (“IPS”) for the Plan based upon consultation with client to ascertain Plan’s investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Ongoing monitoring of investment manager(s) or investments in relation to the criteria specified in the Plan’s IPS or other written guidelines provided by the client to IAR.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Education or training for the members of the Plan investment committee with regard to various matters, including plan features, retirement readiness matters, service on the committee, and fiduciary responsibilities.
- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, IARs may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.

If the Plan makes available publicly traded employer stock (“company stock”) as an investment option under the Plan, IARs do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, investment advisor representatives do not provide any individualized advice or recommendations to the participants regarding these decisions. Furthermore, IARs do not provide individualized investment advice to Plan participants regarding their Plan assets.

Such services provided as an investment advisor are subject to the Investment Advisers Act of 1940 (“Advisers Act”), and the advisor is a fiduciary under the Advisers Act with respect to such services. In addition, if client elects to engage an IARs to perform ongoing investment monitoring and ongoing investment recommendation services to a Plan subject to ERISA in the client agreement, such services will constitute “investment advice” under Section 3(21)(A)(ii) of ERISA. Therefore, the IARs will be deemed a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent the IAR is engaged to perform services other than ongoing investment monitoring and recommendations, those services are not “investment advice” under ERISA and therefore, the IAR will not be a “fiduciary” under ERISA with respect to those other services. IARs may also be subject to fiduciary rules under ERISA Section 3(38).

From time to time the IAR may make the Plan or Plan participants aware of and may offer services available from IAR that are separate and apart from the services provided under Retirement Plan Consulting.

Such other services may be services to the Plan, to a client with respect to client's responsibilities to the Plan and/or to one or more Plan participants. In offering any such services, the IAR is not acting as a fiduciary under ERISA with respect to such offering of services. If any such separate services are offered to a client, the client will make an independent assessment of such services without reliance on the advice or judgment of the IAR.

### **Third Party Advisory Services**

PFG Advisors has entered into agreements with various third-party advisers. Under these agreements, PFG Advisors and its IARs offer clients various types of programs sponsored by these advisers. All third-party investment advisers to whom IAR will refer clients will be licensed as investment advisers by their resident state and any applicable jurisdictions or registered investment advisers with the SEC.

After gathering information about a client's financial situation and investment objectives, the Adviser will assist the client in selecting a particular third-party program. The Adviser receives compensation pursuant to its agreements with these third-party advisers for introducing clients to these third-party advisers and for certain ongoing services provided to clients.

This compensation is disclosed to the client in a separate disclosure document and is typically equal to a percentage of the investment advisory fee charged by that third-party adviser or a fixed fee. The disclosure document provided by the Adviser will clearly state the fees payable to the Adviser and the impact to the overall fees due to these payments.

Since compensation the Adviser receives may differ depending on the agreement with each third-party adviser, the Adviser may have an incentive to recommend one third-party advisers over another, if the compensation arrangements are more favorable. Since the independent third-party adviser may pay the fee for the investment advisory services of the Adviser, the fee paid to the Adviser is not negotiable, under most circumstances.

Fees paid by clients to independent third-parties are established and payable in accordance with the Form ADV Part 2 of each independent third-party adviser to whom the Adviser refers its clients, and may or may not be negotiable, as disclosed in the disclosure documents of the third- party adviser.

Clients who are referred to third-party investment advisers will receive full disclosure, including services rendered and fee schedules, at the time of the referral, by delivery of a copy of the relevant third-party adviser's Form ADV Part 2 at the same time as the Form ADV Part 2 of the Adviser.

In addition, if the investment program recommended to a client is a wrap fee program the client will also receive the wrap fee brochure provided by the sponsor of the program. The Adviser will provide to each client all appropriate disclosure statements, including disclosure of solicitation fees to the Adviser and its advisory associates.

PFG Advisors offers asset management on a discretionary and non-discretionary basis. As of March 1<sup>st</sup>, 2016, the firm has \$37,159,267 of discretionary assets under management and \$127,752,608 of non-discretionary assets under management.

## **Item 5 – Fees and Compensation**

### **Asset Management**

The specific manner in which fees are charged by the firm is established in a client's written agreement between the client and PFG Advisors – generally up to 2.5% of assets under management. Clients can determine to engage the services of PFG Advisors on a discretionary or non-discretionary basis.

The firm's annual investment advisory fee shall be based upon either a percentage (%) of the market value and type of assets placed under the firm's management, or on a variable (tiered) schedule, to be charged quarterly in advance, and PFG Advisors representatives may at their discretion negotiate a fee in accordance with the above fee schedule.

The client is made aware of the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting PFG Advisors to be directly paid by these terms. We send our invoice directly to the custodian; and
- c) If we send a copy of our invoice to you, it will include a legend urging you to compare information provided in our statement with those from the qualified custodian.

The custodian will provide periodic account statements to the client. Such statements will reflect all fee withdrawals by PFG Advisors. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated. The negotiated annual fee for Asset Management may be determined by one of two methods: a Fixed Fee, or a Variable (Tiered) Fee.

1. **FIXED:** A Fixed annual management fee% is agreed upon and set at account opening, and does not change during the life of the agreement unless amended in writing.
2. **VARIABLE (TIERED):** A Variable annual management fee rate is determined initially according to the rate applicable to the beginning account value and is negotiated at the discretion of the client and IAR. The variable annual management fee rate is indicated on the Client Agreement. If the account value falls above or below a breakpoint at the end of the billing period for any reason, such as market value fluctuations, deposits of funds or withdrawals, the annualized percentage rate would change accordingly, per the agreed upon schedule.

Account fees are payable quarterly in advance. Clients may terminate the agreement without penalty for a full refund of PFG Advisors' fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract in accordance with the stated contractual requirements therein.

Fees for customized and participant advisory services are typically based on the value of assets under management and will vary by engagement. The amount of the fee will be set out in the client agreement executed by the client at the time the relationship is established.



The advisory fee is negotiable between the IAR and the client, and is payable in advance as described in the client agreement.

### **Financial Planning Services**

PFG Advisors will charge on an hourly or flat fee basis for financial planning services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees range from \$100 - \$250. Flat fees generally range from \$100 to \$5,000.

### **Hourly Consulting Services**

PFG Advisors will charge on an hourly or flat fee basis for consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees range from \$100 - \$250. Flat fees generally range from \$100 to \$5,000.

### **Retirement Plan Consulting**

The fee for Retirement Plan Consulting will not exceed 2% of plan assets under management. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. The fee-paying arrangement for Retirement Plan Consulting will be outlined in a separate agreement.

### **Third Party Advisory Services**

We are paid by third party money managers when we refer you to them and you decide to open a managed account. Third party money managers pay us a portion of the investment advisory fee that they charge you for managing your account. Fees paid to us by third party money manager are generally ongoing. All fees we receive from third party money managers and the written separate disclosures made to you regarding these fees comply with applicable state statutes and rules. The separate written disclosures you need to be provided include: a copy of the third party money manager's Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees we are paid and a copy of the third party money manager's privacy policy. The third party money managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

Third party money managers establish and maintain their own separate billing processes over which we have no control. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

### **Other Types of Fees & Expenses**

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

## **Termination & Refunds**

A customer account may be terminated according to the client agreement. If the client agreement provides for payment in advance, the agreement will state how the client can obtain a refund of any pre-paid fee if the agreement is terminated before the end of the billing period.

## **Commissionable Securities Sales**

LPL Financial and any approved brokerage firm charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Advantages and discounts for various charges and costs may differ between brokerage firms.

LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL Financial commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL Financial may be higher or lower than those charged by other custodians and broker/dealers. Clients may direct their brokerage transactions at a firm other than LPL Financial. Advisory fees are generally not reduced to offset commissions or markups.

When dealing with investment advisory clients and services, investment adviser representatives have an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. Investment adviser representatives should fully disclose all material facts concerning any conflict that does arise with these clients, and should avoid even the appearance of a conflict of interest.

Please note, clients may purchase investment products recommended by PFG Advisors through other, non-affiliated broker dealers or agents.

When the firm's representatives sell an investment product on a commission basis, the firm does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, PFG Advisors representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage the firm to provide investment management services for an advisory fee and also purchase an investment product from the firm's representatives on a separate commission basis.

In certain cases, LPL may serve as the broker/dealer on transactions in a customized advisory account. In such case, LPL may charge the client transaction charges in connection with trade execution through LPL. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established. If the custom advisory services apply to variable annuities for which the IAR receives trail compensation, such trail fees generally will be used to offset the advisory fee. In most cases, however, a third party broker dealer will provide trade execution. In such case, the broker-dealer may charge clients commissions, markups, markdowns and/or transaction charges.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

LPL serves as program sponsor, investment advisor and broker/dealer for the LPL advisory programs. PFG Advisors and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Advisor may also be registered representatives of LPL. Lower fees for comparable services may be available from other sources.

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

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle.

#### **Item 7 – Types of Clients**

The advisory services offered by PFG Advisors are available for individuals, individual retirement accounts (“IRAs”), banks and thrift institutions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 (“ERISA”), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

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

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments.

The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, it is subject to review and if necessary, rebalanced based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The firm uses a combination of fundamental, technical and cyclical analysis in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance of a particular client.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company’s value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** involves the analysis of past market data; primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations such as:

- **Market Risk** - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk** - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Mutual Funds** - Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned below).
- **Equity** - investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed income** - investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Exchange Traded Funds (ETFs)** - An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the

case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

- **Annuities** - are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.
- **Non-U.S. securities** - present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

We generally invest client’s cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client’s cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Asset Management as applicable.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm’s management.

Any such disciplinary information for the company and the company’s IARs would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>. There are no legal or disciplinary events to disclose.

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

IARs may also be registered representatives of LPL Financial, an unaffiliated SEC registered and FINRA/SIPC member broker/dealer. Clients may choose to engage a registered investment advisor in their capacity as a registered representative of the unaffiliated LPL Financial broker/dealer, to implement investment recommendations on a commission basis.

Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

Such potential conflicts of interest are subject to review by the Chief Compliance Officer and subject to LPL Financial surveillance controls.

Neither PFG Advisors nor any of the management persons are registered or has a registration pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

PFG Advisors maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

The Code of Ethics includes guidelines regarding personal securities transactions of its employees and IARs. The Code of Ethics permits employees and IARs or related persons to invest for their own personal accounts in the same or different securities that an IAR may purchase for clients in program accounts. This presents a potential conflict of interest because trading by an employee or IARs in a personal securities account in the same or different security on or about the same time as trading by a client could potentially disadvantage the client. PFG Advisors addresses this conflict of interest by requiring in its Code of Ethics that employees and IARs report certain personal securities transactions and holdings to the Chief Compliance Officer for review.

An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing an employee from benefiting from transactions placed on behalf of advisory accounts.

Neither PFG Advisors nor a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest.

#### **Item 12 – Brokerage Practices**

PFG Advisors will recommend the use of several broker-dealers, including, but not limited to LPL Financial, and TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC ("TD Ameritrade") (collectively, the "Custodians"). PFG Advisors is independently owned and operated and not affiliated with any of the aforementioned broker-dealers.

PFG Advisors may receive support services and/or products from LPL Financial, Schwab, Fidelity and/or TD Ameritrade, many of which may assist PFG Advisors to better monitor and service program accounts maintained on behalf of PFG Advisors' clients. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by Advisor in furtherance of its investment advisory business operations

Support services provided by the Custodians to PFG Advisors are based on the overall relationship between PFG Advisors and the Custodians. It is not the result of soft dollar arrangements or any other express arrangements with the Custodians that involve the execution of client transactions as a condition to the receipt of services. PFG Advisors will continue to receive the services regardless of the volume of client transactions executed with the Custodians. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the PFG Advisors to the Custodians or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

PFG Advisors has an arrangement with the Custodians. The Custodians offer to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from the Custodians through our participation in the program.

The Custodians may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by the Custodians may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by the Custodians to our firm in the performance of our investment decision-making responsibilities.

Although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

As a result of receiving the services PFG Advisors may have an incentive to continue to use or expand the use of the Custodians services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with the Custodians and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

The Custodians charge brokerage commissions and transaction fees for effecting certain securities transactions

(i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The Custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The Custodians commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the Custodians may be higher or lower than those charged by other custodians and broker/dealers.

Clients may pay a commission to the Custodians that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. After considering each client's situation, our firm may recommend the use of one or more of the broker-dealers identified above. Each client will be required to establish an account with a Custodian. Please note that not all advisers have this requirement.

Clients may direct their brokerage transactions at a firm other than the Custodians. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices. Likewise, client directed brokerage accounts may also result in more favorable prices, depending on each client's individual situation.

### **Item 13 – Review of Accounts**

All investment advisory clients are advised that it remains their responsibility to advise PFG Advisors of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their IAR on an annual basis. The client's IAR may monitor the individual investments each day the market is open. Portfolio performance is reviewed generally on a quarterly basis at a minimum. The IAR offers clients an in-person or telephonic portfolio review meeting on an annual basis. Compliance staff periodically performs supervisory reviews.

Compliance staff, may also conduct account reviews based on the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. PFG Advisors may also provide a written periodic report summarizing account activity and performance.



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

Except for the arrangements outlined in Item 12 of this brochure, we have no additional arrangements to disclose.

### **LPL Financial, LLC**

PFG Advisors receives an economic benefit from LPL Financial in reimbursement for marketing related expenses. Please see detailed discussion of the categories of marketing related expenses and potential conflicts of interest in Item 12 Brokerage Practices.

PFG Advisors and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with IAR, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse PFG Advisors for the costs associated with, education or training events that may be attended by PFG Advisors employees and IARs and for PFG Advisors sponsored conferences and events.

### **TD Ameritrade, Inc.**

Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

## **Referral Fees**

PFG Advisors may have agreements in place to pay solicitors a portion of advisory fees. PFG Advisors does not directly or indirectly compensate any person who is not a supervised person for client referrals. There are no other economic benefits provided by someone who is not a client for providing investment advice.

## **Item 15 – Custody**

PFG Advisors does not have custody of client funds or securities. All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## **Item 16 - Investment Discretion**

The client can determine to engage the PFG Advisors to provide investment advisory services on a discretionary basis. Prior to the PFG Advisors assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the PFG Advisors as the client's attorney and agent in fact, granting the PFG Advisors full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

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

PFG Advisors does not vote client proxies but third party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact PFG Advisors at (800) 405-8850 to discuss any questions they may have with a particular solicitation.

## **Item 18 – Financial Information**

PFG Advisors does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has PFG Advisors been the subject of a bankruptcy petition.