

# PFG Advisors, LLC

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Firm Brochure ADV Part 2A

March 21, 2017

## Part 2A Appendix 1, Wrap Fee Brochure

This wrap fee program 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. 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. PFG Advisors, LLC is a Registered Investment Adviser with the Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about PFG Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for PFG Advisors is 173344.

## ITEM 2 – MATERIAL CHANGES

### Summary of Material Changes

This section of the Wrap Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The following are a list of changes since our annual filing of the ADV on March 24, 2016:

- Stacy Vanderwerp was succeeded by Justin Jolly as the CCO in November of 2016.
- Item 4 was updated to clarify the ownership structure of PFG Advisors
- Item 9 was updated to include information about PFG Advisors’ relationships with certain depository financial institutions

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

We encourage you to read this document in its entirety.

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## **ITEM 4 - SERVICES, FEES AND COMPENSATION**

This document, offered by PFG Advisors, LLC (“PFG” or “PFG Advisors”) discloses information about the investment advisory services we provide and the manner in which we provide them to you, the client. This brochure discusses our asset management services offered on a “wrap” fee basis.

PFG Advisors, LLC (PFG Advisors) became registered as an investment adviser in December 2014. PFG Advisors is a wholly owned subsidiary of Priority Financial Group, LLC which, in turn, is wholly owned by Michael T. Prior. Michael T. Prior is the Chief Executive Officer and Justin Jolly is the Chief Compliance Officer of PFG Advisors. 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. All material conflicts of interest are disclosed herein.

### **Investment Management Services**

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's agreement.

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
- Structured Notes

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, securities will be recommended as part of the clients overall portfolio that is 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.

As indicated above, when engaging us for our “wrap” fee investment management services, you may grant PFG Advisers discretion in the investment management agreement. When doing so, it allows us to select the securities to buy and sell, the amount to buy and sell and when to buy and sell without obtaining specific consent from you for each trade. You should be aware we may make different recommendations and effect different trades with respect to the same securities and insurance to different advisory clients.

When exercising discretion, we may combine orders for more than one client’s account to form a “block” order for the purpose of seeking a better price and/or execution. When a block order is executed, the broker/dealer executing the order typically allocates an average execution price to all shares in the block order, which we then allocate to each customer’s account position. Should a block order only be partially filled, available shares are distributed on a pro-rata basis.

We do not guarantee the results of the advice given. Thus, significant losses can occur by investing in any security, or by following any strategy, including conservative investments and strategies recommended or applied by PFG Advisors.

Although we generally do not exercise discretion to select brokerage firms, for our “wrap” fee program, we typically require clients to use specific independent qualified custodians for custodial services. Each custodian is a member of FINRA/SIPC, and an unaffiliated SEC-registered broker-dealer.

You should be aware of the fact that not all advisers require clients to use a particular custodian. You may be able to obtain lower commissions and fees from other custodians. We place trades for your account subject to our duty to seek best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. The custodian's execution quality may be different than other broker-dealers. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we incur the fees for executed trades. In order to mitigate this conflict of interest, we will fulfill our fiduciary duty by acting in the client’s best interest.

### **Portfolio Management Services Wrap Fee**

The fees for our wrap fee program are based on an annual percentage of assets under management or on a variable (tiered) schedule, one-fourth of which will be charged on a quarterly basis in advance of services rendered. The initial fee will be based upon the date the account is accepted for management by execution of the advisory agreement by PFG Advisors or

when the assets are transferred through the last day of the initial quarter. Thereafter, the quarterly fee will be based on the market value of the client's account on the last trading day of the previous quarter as determined and reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances.

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 and ranges generally up to 1.95% of assets under management. Clients can determine to engage the services of PFG Advisors on a discretionary or non-discretionary basis. 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 percentage 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.

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.

With prior client permission, fees payable to us are deducted from your account when due. We will liquidate money market shares to pay the fee and, if money market shares or cash value are not available, other investments will be liquidated. Authorization for the automatic deduction of fees from the account is contained in the investment management agreement. Further, the

qualified custodian agrees to deliver an account statement at least quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. See Item 15 for details. At our discretion, you may pay the advisory fees by check. You are encouraged to review your account statements for accuracy.

### **Costs**

Our Portfolio Management fees reflected above in this brochure are “wrap” fees (fees which include both PFG Advisors’ advisory fee and transaction costs charged by your custodian and paid by PFG Advisors). These “wrap fees” may be more or less than those charged by us to another client for similar services, and by other advisers for similar services.

Also, our “wrap” fee may be more or less than the fees and commissions charged by other advisory firms, third-party managers, and brokerage firms if the services were acquired separately. The factors that bear upon the cost of services are the size of the account, type of transaction and whether trades are placed through a brokerage firm other than the custodian resulting in per trade commission’s being charged to the account.

### **Internal Fees of Funds and Other Costs not included in “Wrap” Fee**

If, as a result of our investment advice, clients invest in mutual funds or other investment company securities such as exchange traded funds (funds), clients will indirectly pay additional fees to those funds. These fees, which are described in the fund’s prospectus, are in addition to the fees clients pay to PFG Advisors or their broker/custodian. Fees paid to the funds generally include a management fee and other fund expenses.

In addition to PFG Advisors’ “wrap” fees, clients are also responsible for paying certain charges imposed by unaffiliated third-parties, such as the client’s broker-dealer/custodian. Such charges include, but are not limited to, mark-ups and mark-downs, custodial fees, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. PFG Advisors does not participate in any of these fees imposed on the client by the client’s broker-dealer/custodian. See the discussion of Portfolio Management Services “Wrap” Fees above.

Additionally, for accounts held at LPL Financial, clients will generally incur commissions on transactions occurring in clients account after notice of Agreement termination is given; and commissions on transactions ordered by a client.

### **Wrap Fee Incentives**

Because we absorb certain transaction costs, we have a financial incentive not to place transaction orders frequently since doing so increases the transaction costs to us, thereby reducing our revenue. Thus, an incentive exists to place trades less frequently. Also, because fees are asset-based, there is an incentive for us to recommend that you do not reduce the asset levels in your account since doing so will reduce the fee to our firm. Also, we may receive more compensation in this program over others which require separate payment for advice, brokerage and other services, thus this financial incentive may also create a conflict of interest.

We do not guarantee the results of investment management or consulting advice we give, including the performance of our investment models. Thus, significant losses can occur by using our services.

### **Other Compensation**

PFG Advisors is not a broker/dealer, but our Investment Adviser Representatives ("IAR") are registered representatives of LPL Financial ("LPL"), a full service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through LPL in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of LPL and PFG Advisors, LPL has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. When effecting securities transactions, a conflict of interest exists. At all times PFG Advisors will act in your best interest and act as a fiduciary in carrying out services provided to you. LPL and PFG Advisors are not affiliated companies. IARs of PFG Advisors spend a portion their time in connection with broker/dealer activities.

Associates of PFG Advisor are also licensed to offer insurance products and will receive customary commissions for the sale of such products should a client decide to make purchases or sales through our associates which are not covered by the wrap fee. When selling these products, a conflict of interest exists. However, clients should note that they have the right to purchase insurance products away from PFG Advisors. A limited portion of the time spent (generally less than 10%) is in connection with these activities and it represents less than 10% of our ongoing revenue. However, at all times PFG Advisors will act in your best interest and act as a fiduciary in carrying out services provided to you.

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## **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

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The advisory services offered by PFG Advisors are available for individuals, individual retirement accounts ("IRAs"), banks and thrift institutions, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), trusts, estates, charitable organizations, corporations and other business entities. Our minimum initial account value is \$25,000; however, we may accept accounts for less than the minimum.

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## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

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We do not select and review outside portfolio managers for our Wrap Fee Portfolio Management Services. All portfolio management is performed by PFG Advisors IARs. Since there is no outside manager utilized there is no conflict of interest between our own portfolio management and management from a third party.



**Advisory Business.** See description above.

**Performance Based Fees and Side-By-Side Management.** We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). All fees are disclosed above.

**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.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, PFG Advisors is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

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 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.
- **Performance of Underlying Managers** — We select the mutual funds and ETFs in the asset allocation models. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

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.

### **Voting Proxies on Client Securities**

PFG Advisors does not vote client proxies. Clients will 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 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

We do not use outside portfolio managers for our wrap program and thus have no arrangements to share client information with outside portfolio managers. Client information is reviewed and updated at least annually.

### **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients are free to contact their PFG Advisors IAR at any time about their account..

### **ITEM 9 - ADDITIONAL INFORMATION**

#### **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.

#### **Other Financial Industry Activities and Affiliations**

##### **Insurance**

Credit Union Financial Network, LLC (“CUFN”) is a licensed insurance agency with the State of Arizona and licensed in various other states. Michael Prior is the CEO of CUFN. A limited portion of the time he spends (generally less than 10%) is in connection with these activities. Investment Adviser Representatives (“IAR”) of PFG Advisors may act as agents appointed with various life, disability or other insurance companies, receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients. However, clients should note that they are under no obligation to purchase any insurance products through PFG Advisors or its IAR. As a result, this creates a conflict of interest between your interests and PFG Advisors’ interest. However, at all times PFG

Advisors will act in your best interest and act as a fiduciary in carrying out services provided to you.

### **Broker Dealer**

PFG Advisors is not a broker/dealer, but our Investment Adviser Representatives (“IAR”) are registered representatives of LPL Financial (“LPL”), a full service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through LPL in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of LPL and PFG Advisors, LPL has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. LPL and PFG Advisors are not affiliated companies. IARs of PFG Advisors spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, LPL engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by PFG Advisors or its IARs, investments in securities may be recommended for clients. If LPL is selected as the broker-dealer, LPL and its registered representatives, including IARs of PFG Advisors, may receive commissions for executing securities transactions.

You are advised that if LPL is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of PFG Advisors or LPL.

Moreover, you should note that under the rules and regulations of FINRA, LPL has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require LPL to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than LPL. Accordingly, LPL may limit the use of certain custodial and brokerage arrangements available to clients of PFG Advisors and LPL may collect, as paying agent of PFG Advisors, the investment advisory fee remitted to PFG Advisors by the account custodian. LPL may retain a portion of the investment advisory fee you pay, as a charge for the functions it performs, and such portion may be further re-allowed to other registered representatives of LPL. The charge will not increase the advisory fee you have agreed to pay PFG Advisors.

IARs of PFG Advisors, in their capacity as registered representatives of LPL, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, fee trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. However, clients should note that they have the right to decide whether or not to purchase any investment products through PFG Advisors’ representatives.

### **Financial Institutions**

PFG Advisors has entered into contractual arrangements with certain depository financial institutions whereby PFG Advisors offers services in the form of investment advisory products and services to the institutions' membership. Through these relationships some IA Representatives of PFG Advisors may also be employees of the financial institutions. In exchange, the financial institutions may receive a portion of all fee income in accordance with an SEC no action letter.

### **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 PFG Advisors or a related person has a material financial interest.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn: Chief Compliance Officer.

## **Review of Accounts**

### **Account Reviews and Reviewers**

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.

IARs 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.

### **Statements and Reports**

PFG Advisors will have the ability to provide clients with Performance/Position summary reports upon request. Reports may also be provided at client meetings. In case of an error in such reports, you shall notify PFG Advisors promptly, and PFG Advisors will use good faith efforts to make corrections to such reports in a timely manner. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar quarter.

Clients are provided with written transaction confirmation notices and, at least quarterly, with account statements directly from the broker-dealer/custodian for the clients' accounts. These account statements will generally show the assets in your Account, the purchase date, the cost and the current market value for the period (or since the opening of the Account). The account statements will also show all amounts paid from the Account, including all management fees paid from the account to PFG Advisors.

You are urged to compare any reports provided by PFG Advisors against the account statements you receive directly from your account custodian.

## **Client Referral and Other Compensation**

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at one of our recommended custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a conflict of interest. IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty.

**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.