

# PFG Advisors, LLC

Registered Investment Advisor

16150 N. Arrowhead Fountains Center Drive — Suite 289 | Peoria, AZ 85382

(800) 405-8850 — phone

(623) 565-8055 — fax

Firm Brochure ADV Part 2A

June 26, 2018

This brochure provides information about the qualifications and business practices of PFG Advisors, LLC (“PFG” or PFG Advisors”). If you have any questions about the contents of this brochure, please contact us at (800) 405-8850 or at [jollyj@pfgteam.com](mailto:jollyj@pfgteam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. PFG Advisors is a Registered Investment Advisor. 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, LLC 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. 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 advisor representatives of PFG Advisors. You can search this site by entering the person’s name or CRD number, if known.

PFG Advisors encourages you to read this document in its entirety.

## ITEM 2 - MATERIAL CHANGES

### Summary of Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery on the SEC’s Investment Adviser Public Disclosure website (“IAPD”) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The following are a list of changes since our last filing of the ADV on February 9, 2018:

- Item 10
  - Additional information was added pertaining to Other Business Names that IAR’s operate under which advisory services are provided through PFG.
- Item 14
  - Disclosure language was updated to disclose platform fees from certain third-party investment advisors.

### ITEM 3 - TABLE OF CONTENTS

ITEM 1 – COVER PAGE	1
ITEM 2 - MATERIAL CHANGES	2
ITEM 3 - TABLE OF CONTENTS	3
ITEM 4 – ADVISORY BUSINESS	4
ITEM 5 - FEES AND COMPENSATION	8
ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT	11
ITEM 7 - TYPES OF CLIENTS	11
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	11
ITEM 9 - DISCIPLINARY INFORMATION	14
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	14
ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	16
ITEM 12 - BROKERAGE PRACTICES	17
ITEM 13 - REVIEW OF ACCOUNTS	20
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION	20
ITEM 15 - CUSTODY	21
ITEM 16 - INVESTMENT DISCRETION	22
ITEM 17 - VOTING YOUR SECURITIES	22
ITEM 18 - FINANCIAL INFORMATION	23

## ITEM 4 – ADVISORY BUSINESS

PFG Advisors, LLC (hereinafter referred to as “PFG”, “PFG Advisors”, “Us”, “We”, “Our” or “the firm”) became registered as an investment advisor 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 Greg Culver 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

The investment advisor representatives (hereinafter referred to as “IARs”, “Advisors”, “Associates”, “Associated persons” or “Supervised persons”) of PFG Advisors 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 Advisor 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.

### **Asset Management**

PFG Advisors, through its 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 but 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 client's 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. Clients may impose restrictions on investing in certain securities or types of securities in non-discretionary accounts.

## **PFGA Portfolios**

PFG Advisors has established the PFGA Portfolios for the direct management of client accounts. In PFGA Portfolios, PFG Advisors has entered into a sub-advisory relationship with Efficient Market Advisors, LLC (“EMA”) in which EMA provides PFG Advisors access to a variety of EMA model portfolios. PFG Advisors will assist the client in selecting one or more PFGA Portfolios that align with the Client’s tolerance for risk and their stated time horizon for meeting their investment goals. PFGA Portfolios clients will enter into an agreement with PFG Advisors that authorizes EMA to provide discretionary management to PFGA Portfolios client accounts in accordance with the portfolio selected by the client.

PFGA Portfolios are constructed by EMA using strategic, tactical, and opportunistic asset allocation techniques. The investment philosophy of these portfolios emphasizes top down, macroeconomic research in creating an active asset allocation strategy. This strategy is implemented through fifteen (15) unique time and risk-based Portfolios. PFGA Portfolios primarily uses index-based ETFs, which are passive investment vehicles, in order to gain diversified exposure to a desired asset class or category.

Asset Classes and Categories may include:

- Equities (Stocks)
  - US or Foreign Large Cap, Mid Cap, Small Cap, Real Estate Investment Trusts (REITs), Sector or Industry and Emerging and Frontier Markets
- Fixed Income (Bonds)
  - Investment Grade, High Yield, Preferred Stocks, Foreign or Domestic Government and Agency and Emerging and Frontier Markets
- Alternative Investments (Absolute Return)
  - Commodities, Precious Metals, Currencies, Timber, Agriculture, Managed Futures, Hedge Fund Replication and Arbitrage
- Cash
  - Money Market, Bank Deposits or equivalents

### *Rebalancing PFGA Portfolios*

Rebalancing is the process of selling portions of an investment in a particular asset class or security that has increased as a percentage of the Portfolio to a level beyond its intended or target allocation. Proceeds from rebalancing sales are used to buy additional positions in other asset classes or securities that have fallen below their intended target allocation. PFGA Portfolios are reviewed by EMA at least quarterly to determine whether their rebalancing of the portfolios appropriate.

EMA, as sub-advisor to the client’s PFGA Portfolios account, will have authority to aggregate (combine) purchases and sales of securities with similar orders of other EMA clients and proportionately divide up securities if unable to fill all orders.

## **Schwab Institutional Intelligent Portfolios™**

We may recommend portfolio management services through Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (the “Program” and “SWIA,” respectively). Through the Program, we offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds (“ETFs”) and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client’s portfolio is held in a brokerage account opened by the client at SWIA’s affiliate, Charles Schwab & Co., Inc. (“Schwab”). We are independent of and not owned by, affiliated with, or sponsored or supervised by SWIA, Schwab or their affiliates (together, “Schwab”). The Program is described in the Schwab Wealth Investment Advisory, Inc.

Institutional Intelligent Portfolios™ Disclosure Brochure (the “Program Disclosure Brochure”), which is delivered to clients by SWIA during the online enrollment process.

We, and not Schwab, are the client’s investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client’s investment needs and goals, and managing that portfolio on an ongoing basis. SWIA’s role is limited to delivering the Program Disclosure Brochure to clients and administering the Program so that it operates as described in the Program Disclosure Brochure.

We have contracted with SWIA to provide us with the technology platform and related trading and account arrangement services for the Program. This platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the “System”). The System includes an online questionnaire that helps us determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client’s answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

This is not a wrap fee program and clients do not pay fees to SWIA in connection with the Program. However, we charge clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of the Program. Schwab does not receive other revenues in connection with the Program, as described in the Program Disclosure Brochure.

As long as we maintain \$100 million in client asset in accounts at Schwab that are not enrolled in the Program, we do not pay SWIA fees for its services in the Program. If we do not meet this condition, then we pay SWIA an annual fee of 0.10% (10 basis points) on the value of our clients’ assets in the Program. This fee arrangement gives us an incentive to recommend that our clients with accounts not enrolled in the Program be maintained with Schwab.

### **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, retirement planning, estate needs, education planning, life and disability insurance needs, and long-term care needs. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data, and the client will receive a written financial plan. Fees for such services are negotiable and detailed in the Financial Planning/Consulting Agreement.

The financial plan may include generic recommendations as to the 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 IAR’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 IAR 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; variable annuity investor servicing fees; and/or fees in connection with an insured deposit account program. 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 implemented using a certain product or service over another product or service. However, at all times PFG and their IARs will act in the client's best interest and act as a fiduciary in carrying out the services provided.

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

### **Hourly Consulting Services**

PFG Advisors, through its IARs, may provide consulting services including, as selected by the client in the Financial Planning/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. The client typically will not receive a written deliverable when engaging the IAR for consulting services. Fees for such services are negotiable and detailed in the Financial Planning/Consulting Agreement.

### **Third-Party Money Manager Services**

PFG Advisors may utilize the services of a Third-Party Money Manager ("TPMM") program to assist with the investment management needs of a client. These services generally fall within two categories: a solicitor relationship directly with the TPMM and an advisory relationship (also known as a turnkey asset management program or "TAMP").

In the solicitor arrangement, the IAR will assist you in engaging directly a TPMM to manage your account. PFG Advisors receives a solicitor's fee for the referral from the TPMM for this engagement and pays it out to the IAR. TAMPs are where your IAR of PFG Advisors may, within the TAMP program, recommend one or more TPMMs to manage your account or a portion of your account. In these cases, this is a co-advisor arrangement and the IAR of PFG Advisors does not act as a solicitor. Rather, you pay the IAR of PFG Advisors a management fee for their services.

Following recommendations by your IAR, you will have final authority to select a Manager. The IAR will assist you in completing appropriate documents.

TPMMs enable the IAR to provide institutional level investment management services that include a wide range of investment strategies. Your IAR is responsible for selecting the most appropriate TPMM and/or investment strategy based on your financial situation, investment objectives and risk tolerance. In all cases, you will receive additional disclosure materials about the TPMM and their services as well as appropriate disclosure materials from PFG Advisors. You will enter into an agreement with PFG Advisors and, in most cases, an agreement directly with the TPMM or TAMP.

You are advised and should understand that:

- A Manager's past performance does not guarantee future results;

- Various market and other risks may adversely affect any Manager's objectives and strategies and could cause a loss in a Client's account(s); and,
- Client risk parameters provided to PFG Advisors are guidelines only and there is no guarantee that they will not be exceeded.

You will provide discretionary trading authorization to the selected Manager for management of your account and PFG Advisors does not have any discretionary trading authority with respect to such accounts. Information provided to you by our firm regarding TPMMs is believed to be reliable and accurate but should not be considered as a replacement for account statements that you receive directly from the TPMM. Regular performance reporting will be the responsibility of the respective Manager. Such performance reports will be provided directly to you and PFG Advisors. PFG Advisors does not audit or verify that these results are calculated on a uniform or consistent basis as provided by a Manager directly to PFG Advisors or through the consulting service utilized by the Manager.

### **PFG Wrap Fee Program**

In addition to the advisory business described above, we also sponsor PFGA wrap fee programs. Under the wrap fee programs, investment advice and costs of trade executions provided to clients are bundled into one fee for an all-inclusive wrap fee. This means that under wrap fee programs, we pay the trading costs out of the advisory fee that we receive from you. There is no difference between how we manage wrap fee accounts and how we manage other accounts. For more information about PFG Advisors' wrap fee program(s), please see the PFG Advisors Form ADV Part 2A, Appendix 1 wrap fee disclosure brochure.

### **Assets Under Management**

PFG Advisors offers asset management on a discretionary and non-discretionary basis. As of December 31, 2017, the firm managed \$191.0 million in client assets on a discretionary basis and \$32.3 million of non-discretionary assets.

## **ITEM 5 - FEES AND COMPENSATION**

### **Asset Management Fees**

PFG Advisors charges an advisory fee as compensation for providing Asset Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, and other account maintenance activities. Our custodians may charge transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

The fees for portfolio management 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 arrears or in advance of services rendered. For fees billed in arrears, the quarterly fee will be calculated using an average daily balance for the client's account on the days that PFG Advisors managed the account in the prior calendar quarter as determined and reported by the Custodian. Initial fees billed in advance will be based upon the date the account is accepted for management by execution of the Asset Management Agreement by PFG Advisors, assuming the account is funded at the time of acceptance and executed, 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 calendar 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 the client's written Asset Management Agreement between the client and PFG Advisors and the client's management fee ranges generally up to a maximum of 1.95% of assets under management. PFG Advisors also assesses a .05% (5 basis points) administrative fee on all accounts, which is in addition to the Clients' management fee. Clients



can determine to engage the services of PFG Advisors on a discretionary or non- discretionary basis. PFG Advisors IARs may at their discretion negotiate a fee in accordance with the fees stated above.

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: 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 and agreed upon 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 Asset Management 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 Asset Management Agreement. Thereafter, clients may terminate the Asset Management Agreement in accordance with the stated contractual requirements therein.

### **PFGA Portfolios Fees**

PFGA Portfolios ("Portfolios") fees are determined, calculated and billed in the same manner as for accounts in PFG Advisors Asset Management Service (see above in this Item 5). Fees assessed by EMA for its sub-advisory services are paid from fees paid by a client to PFG Advisors. The total fee paid by the client to PFG Advisors includes the client's Management Fee plus a Program fee of 0.40% (40 basis points), which is comprised of the EMA sub-advisory fee and a PFG Advisors Administration fee.

### **Schwab Institutional Intelligent Portfolios™ Fees**

As described in Item 4 Advisory Business, clients do not pay fees to SWIA in connection with the Program, but we charge clients a fee for our services as described above in this Item 5. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of the Program. Schwab does receive other revenues in connection with the Program, as described in the Program Disclosure Brochure. Brokerage arrangements are further described in Item 12 Brokerage Practices.

### **Financial Planning Services Fees**

PFG Advisors may 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. Fees are either due 1) all upfront upon signing the Financial Planning/Consulting Agreement, 2) one half of the total fee will be due and payable at the time you enter into the Financial Planning/Consulting Agreement, with

the balance due and payable at the time the financial plan is delivered, or 3) all the fee is due upon delivery of the financial plan. Specific fee payment is outlined in the Financial Planning/Consulting Agreement.

### **Hourly Consulting Services Fees**

PFG Advisors may 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. Fees are either due 1) all upfront upon signing the Financial Planning/Consulting Agreement, 2) one half of the total fee will be due and payable at the time you enter into the Financial Planning Agreement, with the balance due and payable at the time the financial plan is delivered, or 3) all the fee is due upon delivery of the financial plan. Specific fee payment is outlined in the Financial Planning/Consulting Agreement.

### **Third-Party Money Manager Services Fees**

We are paid by TPMMs when we you decide to open a managed account with a TPMM. Your IAR will provide you the disclosure brochure for each TPMM that includes, but is not limited to, the TPMM's fee schedule, services provided, termination provisions and other aspects of the TPMM's program. For each TPMM that you decide to engage, you will complete the respective account opening documents and TPMM agreement. As discussed in Item 4 above, different types of TPMM arrangements have different fee structures.

In a solicitor arrangement, 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 a 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 statutes and rules. The separate written disclosures you need to be provided may include: a copy of the third-party money manager's Form ADV Part 2, all relevant Brochures, an Agreement, 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.

In a TAMP or strategist arrangement, you may select one TPMM or multiple TPMMs to assist with the management of your account. In such arrangements, you typically will pay PFG Advisors a Management Fee, a separate Management Fee to the selected TPMM and a Platform Fee to the TAMP (for such services as reporting, fee billing, account services, infrastructure costs to support the TPMM platform). Each fee is for their respective services. In all cases, the TPMM's Management Fee and/or TAMP/Advisor Platform Fee is fully disclosed in the TPMM's account opening documents, agreement and disclosure materials. These fees vary among TPMMs and, depending on the specifics of their program, may or may not be negotiable.

Associated persons of PFG Advisors may also be registered representatives of SAI. Lower fees for comparable services may be available from other sources.

### **Administrative Services Provided by ORION Advisor Services, LLC**

We have contracted with ORION Advisor Services, LLC (referred to as "ORION") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, ORION will have access to client accounts, but ORION will not serve as an investment advisor to our clients. PFG Advisors and ORION are non-affiliated companies. ORION charges our Firm an annual fee for each account administered by ORION. Please note that the fee charged to the client will not increase due to the annual fee PFG Advisors pays to ORION.

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

In addition to PFG Advisors' advisory 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, commissions, transaction- or asset-based fees for trading, mark-ups and mark-downs, custodial fees, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. For more information about PFG Advisors' brokerage recommendations and arrangements, please refer to Item 12 of this brochure. PFG Advisors does not share/participate in any of these fees imposed on the client by the client's broker-dealer/custodian.

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 and/or their broker/custodian. Fees paid to the funds generally include a management fee and other fund expenses.

To fully understand the total costs incurred, clients should review all the fees charged by PFG Advisors, Third-Party Money Managers and the client's broker/custodian.

### **Termination & Refunds**

A customer account may be terminated according to the Asset Management Agreement. If the Asset Management 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.

---

## **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, 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 for asset management services is \$25,000; however, we may accept accounts for less than the minimum.

### *Schwab Institutional Intelligent Portfolios™ Clients*

Clients eligible to enroll in the Schwab Institutional Intelligent Portfolios™ Program include individuals, IRAs and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The Program Disclosure Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting.

---

## **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"), mutual funds and other public 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.

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.

### **Third-Party Manager Analysis**

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client's investment objective. We do this by analyzing the various securities, investment strategies, and third-party management firms. The goal is to identify a client's risk tolerance, and then find a manager with the maximum expected return for that level of risk.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a managers' portfolio, there is also a risk that the manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the managers' daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

### **Risk of Loss**

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 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.

- **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.

#### *Schwab Institutional Intelligent Portfolios™*

The Program Disclosure Brochure includes a discussion of various risks associated with the Program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition to the risks described above, the Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

### **ITEM 9 - DISCIPLINARY INFORMATION**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that are 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**

#### **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. IARs 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 IARs are registered representatives of Securities America, Inc. (“SAI”), a full-service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through SAI in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of SAI and PFG Advisors, SAI has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. SAI and PFG Advisors are separate and unaffiliated companies. IARs of PFG Advisors spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, SAI 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 SAI is selected as the broker-dealer, SAI and its registered representatives, including IARs of PFG Advisors, may receive commissions for executing securities transactions.

You are advised that if SAI 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 SAI.

Moreover, you should note that under the rules and regulations of FINRA, SAI 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 SAI to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, independent investment advisors. Accordingly, SAI may limit the use of certain custodial and brokerage arrangements available to clients of PFG Advisors and SAI may collect, as paying agent of PFG Advisors, the investment advisory fee remitted to PFG Advisors by the account custodian. SAI 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 SAI. The charge will not increase the advisory fee you have agreed to pay PFG Advisors.

As a result of our associated persons' affiliation with SAI, SAI may have access to certain confidential information (e.g., financial information, investment objectives transactions and holdings) about our clients, even if the client does not establish any account through SAI. If you would like a copy of SAI's Privacy Policy, please contact your PFG IAR.

IARs of PFG Advisors, in their capacity as registered representatives of SAI, 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' IARs.

### **CUE Financial Group, Inc**

PFG is affiliated through common control with CUE Financial Group, Inc ("CUE"). Effective January 2, 2018, PFG will be handling all administrative back-office functions, payroll, and operations for CUE.

Effective January 15, 2018, Greg Culver is the Chief Compliance Officer for both CUE and PFG. Paul W. Pickenheim, Assistant Compliance Officer, shall report directly to Greg Culver.

PFG advisors, whether employees or independent contractors, who are registered as IAR's with PFG shall continue to be so registered. CUE IAR's and certain supervisors shall become dually registered with both CUE and PFG. Additionally, certain PFG supervisors shall become dually registered with both CUE and PFG. Dually registered IAR's shall be subject to remaining in full compliance with the policies and procedures of both CUE and PFG, including, but not limited to, Code of Ethics (see Item 11 below) and Privacy Policy.

### **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 IARs 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, available upon request to the Chief Compliance Officer of PFG Advisors.

### **Other Business Names**

Some PFG IAR's may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials or client statements. These businesses are legal entities of the IAR and not of PFG. As mentioned above, the IARs and the advisory services they provide and under the supervision of PFG. The following have arrangements to provide advisory services through PFG:

- Aero Investment Services
- Altier Investment Services
- Apricity Wealth Management
- Batie & Co Capital Mgmt LLC
- California Coast Financial Services
- Canyon State Wealth Management Services
- Cornerstone Asset Management
- Davis Financial Management
- Deer Valley Financial Services
- Gavagan Financial Services
- Kalina Wealth Advisors
- Keypoint Financial Services
- Landings Financial Services
- LBW Insurance & Financial Services
- Mansell Capital Management
- Mission City - Mission City Investment Services
- Pinal County Financial Services
- Scott Hanish LLC
- Truwest Wealth Management Services
- Turning Pointe Wealth Management
- Wealth Management Group

#### **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 advisor is considered a fiduciary. As a fiduciary, it is an investment advisor'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 with PFG Advisors 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. 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.



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 has received a loan from Securities America, Inc. ("SAI") in order to assist PFG Advisors with transitioning its brokerage business to SAI' broker-dealer. This loan may not be forgiven by SAI if PFG Advisors does not maintain SAI as the broker-dealer for its business for the next three (3) years; until October 2020. This presents a conflict of interest in that PFG Advisors has a financial incentive to recommend that you maintain your account with SAI in order to benefit by having the loan forgiven. However, to the extent PFG Advisors recommends you use SAI for such services, it is because PFG Advisors believes that it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage accounts, and other services provided by SAI.

### **Recommendation of Broker/Custodians**

PFG Advisors will recommend the use of one or more of several broker-dealers, including, but not limited to Securities America, Inc., TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC ("TD Ameritrade") and Charles Schwab & Co., Inc., a FINRA-registered broker-dealer, member SIPC ("Schwab") (collectively, "Custodians"). PFG Advisors is independently owned and operated and not affiliated with any of the aforementioned Custodians. We may recommend that you establish accounts with these custodians to maintain custody of your assets and to effect trades for your accounts.

We are independently owned and operated and not affiliated with the Custodians. They provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors. They will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use one of these Custodian, you will decide whether to do so and open your account with them by entering into an account agreement directly with them. We do not open the account for you. If you do not wish to place your assets with one of these custodian/brokers, then we cannot manage your account. Not all investment advisors require their clients to use one or more particular broker-dealers or custodians selected by the Advisor.

### **How We Select Broker/Custodians to Recommend**

Our recommendation is generally based on the broker's cost and fees, skills, reputation, financial strength and stability, dependability and compatibility with the client. Additional factors that we consider include: the combination of transaction execution services along with asset custody services (generally without a separate fee for custody), breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds ("ETFs"), etc.), availability of research and tools that assist us in making investment decisions, and the availability of other products and services that benefit us, as discussed below.

As disclosed previously in this document, IARs of PFG Advisors are also Registered Representatives (RRs) of Securities America, Inc., a broker/dealer and FINRA member firm. As a FINRA member, SAI has obligations to perform certain FINRA-required functions with respect to the investment advisory activities of its RRs for which the RR executes or directs securities transactions. These obligations require SAI to coordinate with, and have the cooperation of, the account custodian. In order to fulfill these obligations,

SAI will only permit PFG Advisors to utilize the custodian/brokerage services of firms with which it has made the necessary arrangements. Both TD Ameritrade and Schwab are acceptable in this respect to SAI.

### **Custody and Brokerage Costs**

The Custodian/Brokers we recommend generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that they execute on your behalf or that settle into your account.

Commission rates and certain additional benefits (such as reimbursement to clients of account transfer fees) at Schwab that are applicable to our client accounts were negotiated based on our commitment to maintain a certain amount of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates you pay on certain types of transactions are lower than they would be if we had not made the commitment.

### **Products and Services Available to Us From Custodians**

The available Custodians provide our clients and us with access to their institutional brokerage—trading, custody, reporting, and related services, many of which are not available to their retail customers. They also make available to us various support services. Some of those services help us manage or administer our clients' accounts, while other help us manage and grow our business.

Some of the products, services and other benefits provided by our custodians benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with one of these custodians may be based in part on benefits they provide us, and not solely on the nature, cost or quality of custody and execution 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.

#### *Services that Benefit You*

The Custodian's services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The available investment products include some which we might not otherwise have access to or that would require a significantly higher minimum initial investment by our clients. These services generally benefit you and your account.

#### *Services that May Not Directly Benefit You*

The Custodian we utilize make available to us other products and services that benefit us but may not benefit your accounts in every case. Some of these other products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your account, and assist with back-office functions, recordkeeping and reporting. Many of these services generally may be used to service all or a substantial number of our accounts.

#### *Services that Generally Benefit Only Us*

The Custodians also make available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Custodians may make available, arrange and/or pay for these services rendered to us by third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. The Custodians may also provide us with other benefits such as occasional business entertainment of our personnel.

#### *Schwab*

The Schwab Advisor Services division of Schwab has agreed to assist us with payment of certain eligible third-party vendor services and services that may be provided by Schwab affiliates when we meet specified levels of client's assets transferred into accounts at Schwab within a specified time frame.

With respect to the Schwab Institutional Intelligent Portfolios™ Program, as described under Item 4 Advisory Business, we do not pay SWIA fees for its services in connection with the Program as long as we maintain a certain amount in client assets in accounts at Schwab that are not enrolled in the Program. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest.

#### *TD Ameritrade*

TD Ameritrade has agreed to pay, for each new client account opened at TD Ameritrade, the first year of charges related to the account by ORION Advisor Services, LLC.

#### *Additional Information about Us*

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. We place trades for your account subject to our duty to seek best execution and other fiduciary duties. The custodian's execution quality may be different than other broker-dealers.

We believe that offering Schwab and TD Ameritrade as qualified custodians is in the best interests of our clients. It is primarily supported by the overall scope, quality and price of Schwab's and TD Ameritrade's services and not the services that benefit only us.

#### **Aggregated Trading**

We will aggregate (combine) trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

We will not aggregate transactions unless we believe that aggregation is consistent with its duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Asset Management Agreement with you for which trades are being aggregated.

No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, it will be allocated pro-rata based on the allocation statement;

Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.

We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and

Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis other than what is described above.

## **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to a charity selected by PFG Advisors. We will never benefit or profit from trade errors.

---

## **ITEM 13 - REVIEW OF ACCOUNTS**

---

All 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 for asset management clients is reviewed generally on a quarterly basis. The IAR offers clients an in-person or telephonic portfolio review meeting on an annual basis.

The IAR 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.

Financial Planning/Consulting clients (i.e. those who have no assets under management with us in our advisory program) will receive no regular reports from the Firm.

---

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

---

### **Securities America, Inc.**

PFG Advisors may receive an economic benefit from SAI in the form of a loan, which is forgivable if PFG Advisors meets certain conditions in terms of maintaining a relationship with SAI. In addition, PFG Advisors receives an economic benefit from SAI 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 is not 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 PFG, 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.

### **Expense Reimbursements**

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors.

Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty. However, you should be aware that the receipt of additional compensation through expense reimbursements could create a conflict of interest that impacts the judgment of the IARs when making advisory recommendations.

### **Custodians**

We receive an economic benefit from TD Ameritrade and Schwab in the form of the support products and services they make available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of the Custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **Referral/Platform Fees**

As described in Item 4 – PFG Advisors selects independent third-party investment advisors to help manage the client assets. We have established relationships with investment advisors through which we refer you to the other investment advisor's management programs. When acting in this capacity, we will receive referral compensation which will be a portion of the fee paid to the independent investment advisor(s) by you. Additionally, we receive a separate platform fee from certain third-party investment advisors. We do not pay for referrals to PFG Advisors.

Since compensation PFG Advisors and IAR receives may differ depending on the agreement with each third-party advisor, PFG Advisors and IAR may have an incentive to recommend one third-party advisors over another, if the compensation arrangements are more favorable. Since the independent third-party advisor may pay the fee for the investment advisory services of PFG Advisors and IAR, the fee paid to PFG Advisors and IAR 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 advisor to whom PFG Advisors and IAR refers its clients, and may or may not be negotiable, as disclosed in the disclosure documents of the third- party advisor.

Clients who are referred to third-party investment advisors 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 advisor's Form ADV Part 2 at the same time as the Form ADV Part 2 of PFG Advisors.

### **CUE Financial Group, Inc**

PFG IAR's and certain PFG supervisors may be dually registered with both CUE and PFG. Clients are advised that the fees paid to PFG for investment advisory services are separate and distinct from the investment advisory services and fees of CUE. In their capacity as IAR's of CUE, dually registered IARs will also receive compensation from CUE for any advisory services performed. Under no circumstances will a Client be charged for advisory services under both CUE and PFG at the same time for the same services. Please refer to the CUE disclosure documents and agreement for additional information regarding CUE services, fees, etc.

---

## **ITEM 15 - CUSTODY**

---

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds

and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

PFG Advisors is deemed to have custody of client funds and securities whenever PFG Advisors is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody PFG Advisors will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which PFG Advisors is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly and reflect, among other things, the amount of PFG Advisors' fee deducted from the account during the period. You should carefully review those statements for accuracy and are urged to compare the statements against reports received from PFG Advisors. When you have questions about your account statements, you should contact PFG Advisors or the qualified custodian preparing the statement.

When fees are deducted from an account, PFG Advisors is responsible for determining the fee and will provide an invoice to the Custodian.

---

#### **ITEM 16 - INVESTMENT DISCRETION**

---

Prior to engaging PFG Advisors to provide investment advisory services, you may enter into a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, if PFG has discretion, you will need to execute additional documents required by the Custodian to authorize and enable PFG Advisors, in its sole discretion and without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any security and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

The limitations on investment and brokerage discretion held by PFG Advisors for you are:

1. For discretionary clients, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold, as well as the broker/dealer to be used and the commission rates or fees to be paid.
2. Any limitations on this discretionary authority shall be included in this written authority statement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.

Research products and services received by us from broker-dealers will be used to provide services to all our clients.

With respect to PFG Advisors' Third-Party Money Manager program, PFG Advisors does not have discretionary authority to select the Third-Party Money Manager.

---

#### **ITEM 17 - VOTING YOUR 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.

Clients enrolled in the Schwab Institutional Intelligent Portfolios™ Program designate SWIA to vote proxies for the ETFs held in their accounts, as described in the Program Disclosure Brochure. We have directed SWIA to process proxy votes and corporate actions through and in accordance with the policies and recommendations of a third-party proxy voting service provider retained by SWIA for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. Clients who do not wish to designate SWIA to vote proxies may retain the ability to vote proxies themselves by signing a special Schwab form available from us.

---

## **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.