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**ITEM 1 – COVER PAGE**

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# PFG Advisors, LLC

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Firm Brochure ADV Part 2A

December 17, 2020

## 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 or at [jollvj@pfgteam.com](mailto:jollvj@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, LLC is a Registered Investment Advisor 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. 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 Wrap Brochure will address only those “material changes” that have been incorporated since our last delivery on the SEC’s Investment Adviser Public Disclosure (“IAPD”) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The following is a list of changes since our last filing of the ADV on March 6, 2020:

- Item 9
  - Updated with changes to the DBA names through which PFG Advisors, LLC provides advisory services.

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### ITEM 3 - TABLE OF CONTENTS

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ITEM 1 – COVER PAGE.....	1
ITEM 2 – MATERIAL CHANGES .....	2
ITEM 3 - TABLE OF CONTENTS.....	3
ITEM 4 - SERVICES, FEES AND COMPENSATION .....	4
ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS.....	10
ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION.....	10
ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS .....	13
ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS .....	14
ITEM 9 - ADDITIONAL INFORMATION.....	14

## ITEM 4 - SERVICES, FEES AND COMPENSATION

This document, offered by PFG Advisors, LLC (hereinafter referred to as “PFG”, “PFG Advisors”, “Us”, “We” or “the firm”) 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 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 and CUE Financial Group, Inc. 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

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 Services**

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 Wrap Fee Asset Management 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
- Options
- Warrants
- 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.

As indicated above, when engaging us for our “wrap” fee asset management services, you may grant PFG Advisors 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 FINRA-registered broker-dealer.

You should be aware of the fact that not all advisors 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.

#### **Asset Management Services Wrap Fee**

PFG Advisors charges a 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.

The fees for our wrap fee program are based on an annual percentage of assets under management and 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, as determined and reported by the Custodian, using the actual number of days that PFG Advisors managed the account during the billing quarter. For fees billed in advance, initial fees billed will be based upon the date the account is accepted for management by execution of the Wrap Agreement For Investment Advisory Services 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 billing 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 billing quarter as determined and reported by the Custodian. Fees are generally assessed on all assets under management, including securities, cash and money market balances. At PFG Advisor's sole discretion, accommodations can be made for excluding certain assets from the billing calculations.

The specific manner in which fees are charged by the firm is established in a client's written Wrap Agreement For Investment Advisory Services between the client and PFG Advisors and the client's management fee ranges generally up to 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 not to exceed 1.95%.

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, Variable (Linear) 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 (LINEAR):** A Variable annual management fee rate is determined initially according to the rate schedule applicable to the beginning account value and is negotiated at the discretion of the client and IAR. The variable annual management fee rate schedule is indicated on the Fee Schedule Addendum. 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 for the entire account would change accordingly, per the agreed upon schedule.
- 3. **VARIABLE (TIERED):** A Variable annual management fee rate is determined initially according to the rate schedule applicable to the beginning account value and is negotiated at the discretion of the client and the IAR. The variable annual management fee rate schedule is indicated on the Fee Schedule Addendum. The portion of the account value that falls within each tier of the rate schedule will be charged that tier's indicated annualized percentage rate.

Clients may terminate the agreement without penalty for a full refund of PFG Advisors' fees within five business days of signing the Wrap Agreement For Investment Advisory Services. Thereafter, clients may terminate the Wrap Agreement For Investment Advisory Services in accordance with the stated contractual requirements therein. Clients should contact PFG Advisors at the address indicated in Item 1 to request a refund of any pre-paid fees if the agreement is terminated before the end of the billing period. Refunds of

unearned prepaid fees (if any) will be calculated on a pro rata basis using the number of days the client account was open during the billing quarter.

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 Wrap Agreement For Investment Advisory Services. 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. At our discretion, you may pay the advisory fees by check.

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.

### **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 advisors 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 commissions 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, fees for trades executed away from the broker-dealer/custodian 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 Schwab, 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 asset management or consulting advice we give, including the performance of our investment models. Thus, significant losses can occur by using our services, including loss of principal.

### **Other Compensation**

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. 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. SAI and PFG Advisors are separate and unaffiliated 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 and its associates. 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 and its associates will act in your best interest and act as a fiduciary in carrying out services provided to you.

### **Recommendation of Broker/Custodians and Other Economic Benefits**

#### **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., Pershing LLC ("Pershing"), 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.

As noted above, 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 Custodians, 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 PFG Advisors.

### **How We Select Brokers/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 otherwise in this document, IARs of PFG Advisors are also Registered Representatives ("RRs") of Securities America, Inc. ("SAI"), 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 Securities America.

### **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 to which we might not otherwise have access 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.

#### *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 Custodians*

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.

## **ITEM 5 - ACCOUNT REQUIREMENTS AND 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 is \$25,000; however, we may accept accounts for less than the minimum.

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

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 in Item 4 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 fixed income securities also include the general risk of non-U.S. investing described below.
- **Equity Options:** We may recommend options on equities as an investment strategy. An option is a contract that gives the buyer the right to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two basic types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. We may buy a call if we believe that the stock may increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we believe that the price of the stock may fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We may also recommend options to "hedge" a purchase of the underlying security; in other words, we may recommend an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio. When buying an option, the client risks losing the premium paid for the purchase.

We may use "covered calls", in which we write (sell) a call option on a security you own. In this strategy, you receive a fee (the premium) for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price (the strike price) before expiration. When selling (writing) a covered option, the client risks being "assigned" and being forced to sell (in the case of a call) or buy (in the case of a put) the underlying security at the predetermined strike price, which could result in a loss.

(Please refer to the OCC's option disclosure booklet "Characteristics and Risks of Standardized Options" before investing in options).

- **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.

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## **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

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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 advisors 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 would be 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") and CUE Financial Group, Inc. ("CUE") are licensed insurance agency with the State of Arizona and licensed in various other states. Michael Prior is the CEO of CUFN. Mike Melby is part owner of CUE. 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. As a result, this creates a conflict of interest between your interests and PFG Advisors' interest. However, at all times PFG Advisors and your IAR will act in your best interest and act as a fiduciary in carrying out services provided to you. Clients should note that they are under no obligation to purchase any insurance products through PFG Advisors or its IAR.

#### **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, investment advisors other than SAI. 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 the SAI 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. Justin Jolly is the Chief Compliance Officer for both CUE Financial Group, Inc. and PFG.

CUE Financial Group, Inc. IAR's are dually registered with both CUE Financial Group, Inc. and PFG. Dually registered IAR's shall be subject to remaining in full compliance with the policies and procedures of both CUE Financial Group, Inc. 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:

- A. M. Guidance & Financial Services Consulting LLC
- Aero Investment Services
- Apricity Wealth Management
- Batie & Co Capital Mgmt LLC

- California Coast Financial Services
- Cano Capital Management, LLC
- Copper State Wealth Management
- Cornerstone Asset Management
- CUE Financial Group
- Davis Financial Management
- Eagle Wealth Management
- Gavagan Financial Services
- IHN Family Legacy Planning, Inc.
- Kalina Wealth Advisors
- Keypoint Financial Services
- Landings Financial Services
- LBW Insurance & Financial Services
- Mansell Capital Management
- Mission City Investment Services
- Morrow Financial Group
- OCCU Investment Services
- Pinal County Financial Services
- Pinnacle Southwest Securities & Investments, CO
- RETiREADY Advisors
- Scott Hanish LLC
- Starlifter Wealth Management
- Truwest Wealth Management Services
- United Prairie Financial Network
- USE Investment Services
- Webb Financial Advisors

**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.

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 one (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.

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

PFG Advisors receives an economic benefit from SAI Financial in reimbursement for marketing related expenses.

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.

#### **Broker/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. 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 Fees**

PFG Advisors compensates solicitors for client referrals. All solicitors' agreements are in compliance with the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will also be observed. All clients procured by solicitors will be given full written disclosures describing the terms and fee arrangements between the advisor and the solicitor prior to or at the time of entering into the advisory agreement.

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

As previously mentioned, PFG is affiliated through common control with CUE Financial Group, Inc. Some IAR's are dually registered with both CUE Financial Group, Inc. and PFG. Dually registered IAR's shall be subject to remaining in full compliance with the policies and procedures of both CUE Financial Group, Inc. and PFG, including, but not limited to, Code of Ethics (see Item 11 below) and Privacy Policy.

In their capacity as IAR's of CUE Financial Group, Inc., dually registered IARs can also receive compensation for any advisory services performed as a CUE Financial Group, Inc. IAR. Under no circumstances will a Client be charged for advisory services under both CUE Financial Group, Inc. and PFG at the same time for the same services. Please refer to the disclosure documents and agreement for additional information regarding services, fees, etc. for CUE Financial Group, Inc.

**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.