

PFG Advisors, LLC

Registered Investment Advisor
3200 N. Central Avenue — Suite 200| Phoenix, AZ 85012
(800) 405-8850 — phone
(623) 565-8055 — fax

Firm Brochure ADV Part 2A

April 14, 2021

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. 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. 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.

The following are a list of changes since our last filing of the ADV on March 29, 2021:

- Item 10
 - Updated with changes to the DBA names through which PFG Advisors, LLC provides advisory services.

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	15
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	15
ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	17
ITEM 12 - BROKERAGE PRACTICES	17
ITEM 13 - REVIEW OF ACCOUNTS	21
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION	21
ITEM 15 - CUSTODY	23
ITEM 16 - INVESTMENT DISCRETION	23
ITEM 17 - VOTING YOUR SECURITIES	24
ITEM 18 - FINANCIAL INFORMATION	24

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 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

PFG Advisors, through its IARs, provides ongoing investment advice and management on assets in the client's custodial accounts. Advice is provided on a discretionary or non-discretionary basis 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
- 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. 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 generally 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™

For the appropriate clients, we 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 creates a conflict of interest because it 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, can 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/Consulting 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 is deemed to 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 resulting 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 has 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 Advisors 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, provides 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. For planning services, the Financial Planning/Consulting Agreement will address whether a written analysis or report is included or not. 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. Clients typically will not receive a written deliverable when engaging 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, 2020, the firm managed \$1,105.0 million in client assets on a discretionary basis and \$205.7 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 typically 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 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 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 the client's written Agreement For Investment Advisory Services and Fee Schedule Addendum 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) Unless alternative payment arrangements are made, 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 is determined by one of the following methods: 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 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.

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

Hourly Consulting Services Fees

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

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 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 Platform Fee is fully disclosed in the TPMM's account opening documents, agreement and disclosure materials. These fees vary among TPMMs/TAMPs and, depending on the specifics of their program, may or may not be negotiable.

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

Clients may terminate the agreement without penalty for a full refund of PFG Advisors' fees within five business days of signing the Agreement For Investment Advisory Services. Thereafter, clients may terminate the Agreement For Investment Advisory Services in accordance with the stated contractual requirements therein. Clients should contact PFG Advisors in writing 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.

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.
- **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 is able to 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") and CUE Financial Group, Inc. ("CUE") are licensed insurance agencies 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 they spend (generally less than 10%) is in connection with these activities. IARs of PFG Advisors 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 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 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 our IARs dually registered as SAI registered representatives, 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 limits the use of certain custodial and brokerage arrangements available to clients of PFG Advisors and SAI collects, as paying agent of PFG Advisors, the investment advisory fee remitted to PFG Advisors by the account custodian. SAI retains a portion of the investment advisory fee you pay, as a charge for the functions it performs. 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 has 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 Advisors 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 Advisors 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 Advisors.

CUE Financial Group, Inc. IAR's are dually registered with both CUE Financial Group, Inc. and PFG Advisors. 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 Advisors, 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 are also employees of the financial institutions. In exchange, the financial institutions 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 Advisors 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 Advisors. As mentioned above, the IARs and the advisory services they provide and under the supervision of PFG Advisors. The following have arrangements to provide advisory services through PFG Advisors:

- 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
- Chabot Financial Services
- 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
- Klevens Capital Management, Inc.
- Landings Financial Services
- LBW Insurance & Financial Services
- Lone Star Investment Solutions
- Mangus Wealth Management
- Mansell Capital Management

- 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

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 purchases 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 is allowed 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's broker-dealer. This loan will be forgiven by SAI based on years of service for SAI and the scope of business engaged in with SAI, including the amount of advisory account assets. This presents a conflict of interest in that PFG Advisors has a financial incentive to recommend that you maintain your brokerage accounts 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., Pershing LLC ("Pershing"), TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC ("TD Ameritrade"), Fidelity InstitutionalSM, a division of Fidelity Investments ("Fidelity"), 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 typically 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.

PFG Advisors recommends for certain clients with accounts at Fidelity utilizing fixed-income securities strategies that they also establish "prime brokerage" trading services on their accounts to facilitate execution of the fixed-income securities trading strategies. Discretionary authority would be granted to allow PFG Advisors to determine which broker-dealer provides the overall best execution for the implementation of clients' fixed-income securities strategies. This additional service can result in additional trade related fees/expenses from the custodians and broker dealers involved in the "prime brokerage" trading service. Clients are encouraged to review the details in their custodial and "prime brokerage" agreements.

In seeking best execution, the PFG Advisors shall execute securities transactions for client accounts in such a manner that the client's total cost or proceeds in each transaction is most favorable under the circumstances of the particular transaction. While it is PFG Advisors' general practice to transact business with the dealer making the best bid or offer on each security transaction, consistent with settlement date needs of its clients, PFG Advisors is not obligated to choose the broker-dealer offering the lowest available commission rate or price if, in the trader's reasonable judgement more favorable execution can be achieved elsewhere. In seeking best execution and negotiating commission rates, the commission cost is one factor PFG Advisors considers. Other factors include, but are not limited to, price, quality, speed, efficiency, confidentiality, reliability of brokerage services, execution capability, a firm's financial responsibility, the difficulty of specific transactions, and any other logistical or processing considerations.

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 others 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. As a result, we have an incentive to recommend/require clients to use one of these custodians. This incentive creates a conflict of interest which we must disclose as a part of our fiduciary duty. Despite this incentive, our fiduciary duty and Code of Ethics require PFG Advisors and its IARs to endeavor at all times to put the interest of our clients first.

Services that Benefit You

The Custodians' 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 Custodians 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 are 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 include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the Custodians make available, arrange and/or pay for these services rendered to us by third parties. The Custodians 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 sometimes 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 are 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 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 Pershing, Schwab, Fidelity, 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 their services for clients 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, if not predetermined by the account custodian. 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 periodically monitors the individual investments as frequently as daily when 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.

IARs generally 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 received 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.

Periodically, PFG Advisors and employees negotiates with and receives 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 Advisors, 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 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 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 and Compensation

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.

As described in Item 4 – PFG Advisors selects independent third-party investment advisors to help manage the client assets. We have established relationships with these third-party platforms through which we refer you to the other independent investment advisor's management programs. When acting in this capacity, we will receive referral compensation which will be a portion of the fees paid to the third-party platform and independent investment advisor(s) by you. Additionally, on certain third-party platforms, we receive a portion of the platform fee charged by the third-party platform.

Certain investment strategies offered on third-party platforms are customized portfolio strategies designed and maintained by PFG Advisors exclusively for Clients of PFG Advisors. PFG Advisors receives compensation for the management of the customized portfolio strategies based on the total assets managed within these strategies. PFG Advisors is compensated with a portion of the advisory fee already charged to Clients by the third-party platform. Since the independent third-party advisor/platform pays the fee for the investment advisory services of PFG Advisors and IAR, the fee paid to PFG Advisors and IAR is not negotiable by Clients, under most circumstances.

Since compensation and support/services that PFG Advisors and IAR's receive differ depending on the agreement with each third-party investment advisor/platform, PFG Advisors and IAR's have an incentive to recommend one third-party investment advisor/platform over another, if the compensation arrangements and support received are more favorable than others available, which creates a potential conflict of interest. Clients are not obligated to utilize investment strategies or third-party platforms which may be more expensive or provides additional compensation to PFG Advisors. PFG Advisors and its IAR's are

committed to first and foremost serving the best interests of Clients and are obligated to providing advice that best serves Clients' needs and objectives.

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.

As previously mentioned, PFG Advisors is affiliated through common control with CUE Financial Group, Inc. Some IAR's are dually registered with both CUE Financial Group, Inc. and PFG Advisors. 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 Advisors, 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 Advisors 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.

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 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 Advisors 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 should contact their IAR or PFG Advisors at (800) 405-8850 to discuss any questions they 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 will 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.