

HFG Advisors, Inc.

5659 W. Michigan Ave.

Kalamazoo, MI

49009

269.372.3229

Disclosure Brochure

February 2019

This brochure provides information about the qualifications and business practices of HFG Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 269.372.3229. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

HFG Advisors, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine whether to hire or retain that adviser.

Additional information about HFG Advisors, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov

Item 2: Material Changes

Since our last annual amendment filing on 3/2/2018, HFG Advisors, Inc. has the following material changes to disclose:

- Item 5 has been updated to lower the maximum advisory fees.

A copy of our current brochure may be obtained by contacting Daniel Youngs, President, by phone at 269.372.3229 or by e-mail at dyoungs@fscadvisor.com. We will provide you with a copy of our current brochure at any time without charge.

Additional information about us and about persons affiliated with us who are registered as our investment adviser representatives (“your advisory representative”) is also available via the SEC’s website, at www.adviserinfo.sec.gov.

Information regarding your advisory representative can also be found in the supplement to this brochure.

HFG Advisors, Inc.

CRD Number 125129

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Item 4: Advisory Business

HFG Advisors, Inc. (“HFG”), which is located in Kalamazoo, Michigan, is a corporation organized under the laws of the State of Michigan. Daniel Youngs founded HFG in 1987 and is our principal owner. HFG is registered as an investment adviser with the State of Michigan.

Direct Asset Management Services

We provide comprehensive asset management services tailored to your specific objectives and risk tolerances. We construct a diversified investment portfolio for you with a long-term “buy and hold” emphasis rather than a focus on short-term trading.

Your investment account is created using a variety of investments, including but not limited to, equities, bonds, mutual funds, exchange traded funds (“ETFs”) and other alternative investments. The specific investments purchased for your account are selected based on a variety of factors, including (among others) your specific investment objectives, risk tolerances, investment time horizon, and tax bracket.

You should notify us promptly if there are any changes in your financial situation, investment objectives, or risk tolerances, or if you wish to impose any reasonable restrictions upon the management of your account.

We manage your account on a discretionary basis, meaning that we are authorized to effect transactions for your account without obtaining your prior approval for each individual transaction.

Custodial services for your managed account will be offered through FSC Securities Corp. custodied at Pershing, LLC or through Charles Schwab & Co., Inc.

Assets Under Management

As of December 31st. 2018, we managed approximately \$65,400,000 in client assets on a discretionary basis (where we made all of the investment decisions). We managed approximately \$5,000,000 in client assets on a non-discretionary basis (where our clients made the investment decisions based upon our recommendations).

Third Party Investment Advisory Services

We may recommend that all or a portion of your portfolio be allocated to unaffiliated third party investment managers. We have entered into agreements with various

third-party investment managers to provide investment management services for our clients. We will use the information you have provided about your investment objectives, goals, and risk tolerances, as well as other relevant information, to identify a third-party investment manager(s) whose investment strategies appear appropriate for you.

Some of the other relevant information considered in recommending a third-party investment manager include (but are not limited to):

- your preference for certain types of investments or investment strategies;
- your investment time horizon;
- the size and composition of your investment account;
- your tax considerations;
- our prior experience with and preferences for particular investment managers;
- the fees charged by the investment manager; and
- the experience and capabilities of the investment manager.

Vision2020 Wealth Management Platform - Advisor Managed Portfolios Program

The Wealth Management Platform – Advisor Managed Portfolios Program (“Advisor Managed Portfolios”) provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC (“Pershing”). The Advisor Managed Portfolios are offered through FSC Securities Corporation’s platform. Please be sure to read the section entitled “Item 10 Other Financial Industry Activities and Affiliations” which follows later in this brochure for a description of the affiliation our advisory representatives have with FSC.

Advisor Managed Portfolios provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on your responses to a risk tolerance questionnaire (“Questionnaire”) and discussions that we have together regarding, among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct a portfolio of investments for you.

Portfolios may consist of mutual funds, exchange traded funds, equities, options, debt securities, variable life, variable annuity sub-accounts and other investments.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

For further Advisor Managed Portfolios details, please see the Advisor Managed Portfolios Wrap Fee Program Brochure provided by FSC Securities Corporation. We provide this brochure to you prior to or concurrent with your enrollment in Advisor Managed Portfolios. Please read it thoroughly before investing.

As with our direct asset management services, you should notify us promptly if there are any changes in your financial situation, investment objectives, or risk tolerances, or if you wish to impose any reasonable restrictions upon the management of your account.

Financial Planning Services

We provide financial planning services that seek to address a variety of areas specific to your personal circumstances, including:

- asset protection,
- tax planning,
- business succession,
- strategies for exercising stock options,
- cash flow,
- education planning,
- estate planning and wealth transfer,
- charitable gifting,
- long-term care and disability planning,
- retirement planning,
- insurance planning,
- asset allocation comparisons, and
- risk management.

The financial planning services to be provided to you will be outlined on the client agreement you sign with us.

The preparation of a financial plan requires that you provide us with detailed personal financial data about you and your family.

Should you choose to implement the recommendations contained in our financial plan, we suggest you work closely your attorney, accountant, insurance agent, and/or

stockbroker. Implementation of financial plan recommendations is entirely at your discretion.

Item 5: Fees and Compensation

We offer all of our services on a fee-only basis.

Fees for Asset Management Services

Our fee is calculated based upon the market value of the investment assets in your account on the last day of the previous quarter.

Broker-dealers and other financial institutions that hold client accounts are referred to as custodians (“custodian/ broker-dealer”). Your custodian/broker-dealer determines the values of the assets in your portfolio. Your custodian/broker-dealer for our direct asset management services with either be Charles Schwab & Co., Inc.(“Schwab”) or FSC Securities Corp. custodied at Pershing, LLC.

Our fee schedule for our direct asset management services is described below:

<u>Assets under Management</u>	<u>Advisory Fee¹</u>
\$0 to \$500,000	1.95%
\$500,001 to \$1,000,000	1.50%
Over \$1,000,000	Not to exceed 1.50%

¹All fees are negotiable at our sole discretion.

We require that you authorize us to have the custodian/broker-dealer for your account pay us directly by charging your account for our investment management fees. This authorization must be provided by you in writing. One-fourth of our fee is charged each calendar quarter.

Our direct asset management fees are charged “in arrears,” meaning that you will be charged for our services after we have rendered them to you, and are based upon the value of your investment account on the last day of the prior quarter.

Fees for the initial quarter of our advisory relationship are prorated based upon the number of calendar days in the calendar quarter that our advisory agreement is in

effect.

Advisory fees for the Advisor Managed Portfolios account are charged in advance of receiving our services. You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your Advisor Managed Portfolios account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. If you terminate your account, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary fees may apply. Please see the Advisor Managed Portfolios Wrap Fee Program Brochure for further details.

We will send a statement to you that includes the value of your investments, our advisory fees, and how our advisory fees were calculated. Your custodian/broker dealer also provides you with statements that show the amount paid directly to us.

You should compare the statement we send you to the statements you receive from your custodian/broker-dealer and verify the calculation of our fees. Your custodian/broker-dealer does not verify the accuracy of fee calculations.

In addition to our fee, you may be required to pay other charges such as:

- custodial fees,
- brokerage commissions,
- transaction fees,
- internal fees and expenses charged by mutual funds or ETFs,
- and
- other fees and taxes on brokerage accounts and securities transactions.

None of these fees are paid to or shared with us.

Mutual fund companies, ETFs, and variable annuity issuers charge internal fees and expenses for their products. These fees and expenses are in addition to any advisory fees charged by us. Complete details of these internal fees and expenses are explained in the prospectuses for each investment. You are strongly encouraged to read these explanations before making or authorizing any investments. We are available to answer any questions you have about fees and expenses.

If you purchase mutual funds through the custodian/broker-dealer, you may pay a transaction fee that would not be charged if the transactions were made directly

through the mutual fund company. Also, mutual funds held in accounts at brokerage firms may pay internal fees that are different from funds held at the mutual fund company.

While you may purchase shares of mutual funds directly from the mutual fund company without a transaction fee, those investments will not be part of our advisory relationship with you. This means that they will not be included in our investment strategies, investment performance monitoring, or portfolio reallocations.

Please be sure to read the section entitled “Item 12 Brokerage Practices,” which follows later in this brochure.

Should either of us terminate our advisory relationship within five (5) business days from the date an advisory agreement was executed, we will provide you with a full refund of any fees paid.

Should either one of us terminate our advisory relationship before the end of a billing period, any unearned fees that were deducted from your account will be returned to you by us.

The amount refunded to you is calculated by dividing the most recent advisory fee you paid in advance by the total number of days in the quarter. This daily fee is then multiplied by the number of calendar days in the quarter that our agreement was in effect. This amount, which equals the amount we earned for the partial quarter, is subtracted from the total fee you paid in advance to determine your refund.

Fees for Third Party Investment Management Services

Our fees generally include the fees charged by the third-party investment managers as outlined above. If we refer a client to a third-party manager where our compensation is included in the advisory charged by the third-party manager, we will be compensated for our services by receipt of a fee to be paid directly by the third-party manager. Any such fee shall be paid solely from the third-party manager investment management fee or the program fee of the wrap program (as appropriate), and shall not result in any additional charge to the client. The advisory services provided by third-party investment managers and the fees they charge for those services are detailed in their respective disclosure brochures. We will provide you with a copy of the brochure for each investment manager recommended to you. The fees they charge will vary by third-party investment manager so please read their disclosure brochure and review their advisory agreement carefully before engaging the third-party manager.

Vision2020 Wealth Management Platform - Advisor Managed Portfolios Program Fees

We offer Advisor Managed Portfolios as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

We also offer Advisor Managed Portfolios with separate advisory fees and transaction charges ("Non-Wrap Account"). As such, in addition to the quarterly account fee described below for advisory services, you will also pay separate per-trade transaction charges.

Fees for Financial Planning Services

Our fees for financial planning are determined either on an hourly basis or as a fixed fee. Our hourly rate is \$150 per hour. Our fixed fee ranges from \$200 to \$5,000, depending on the complexity of your financial situation. All financial planning fees are negotiable at our discretion. Similar financial planning services may be available elsewhere for a lower cost.

Hourly financial planning fees are billed on a monthly basis. An estimate of the time to prepare your financial plan will be provided before you execute our advisory agreement.

You are required to pay us one-half of our fixed price financial planning fee at the time we enter into an advisory relationship. The remainder of our fee is due upon completion of our financial plan. We do not collect \$500 or more per client six months or more in advance.

Should either of us choose to terminate our advisory agreement during the financial planning process, you will be billed for time we spent up to the termination date at an hourly rate of \$150 per hour.

Our advisory representatives are also registered representative and investment advisory representatives of FSC Securities Corporation ("FSC"), a registered broker/dealer that is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). FSC is also a registered investment adviser. We are not affiliated in any way with FSC.

When you receive financial planning services you may also purchase securities or insurance products offered through FSC pursuant to the plan or consultation. Members of our Firm may receive commissions as Registered Representatives of FSC

or insurance agents in connection with such transactions. Thus, we may have a conflict of interest when providing financial planning services to you as there may be an incentive for us to recommend specific courses of action through our financial planning services that may lead to members of our Firm receiving additional compensation.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with our providing you with financial planning services, or any advisory service that we offer.

Additional Fees and Expenses

Mutual fund investments in the programs that we offer are no-load or load at NAV. Your mutual fund investments may be subject to early redemption fees, 12b-1 fees and mutual fund management fees as well as other mutual fund expenses. These fees are in addition to the fees and expenses referenced above. Please review the mutual fund prospectus for full details.

In the Advisor Managed Portfolios WRAP account you will be charged an additional fee of \$1.50 for each trade confirmation that you do not elect to receive electronically. You may also be subject to an additional, per-trade transaction charge on the selling of certain securities as disclosed on your trade confirmation (generally less than \$1.00 on trades of \$50,000 or less). These fees are not shared with us but are transaction charges paid to FSC and our custodian. Please see Item 10 which explains our relationship with FSC. Transaction charges assessed by Schwab are not shared with FSC.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you may incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

In the Advisor Managed Portfolios Non-WRAP account in addition to the per-trade transaction charges referenced above, you will also be subject to per-trade confirmation fees as disclosed on your trade confirmation (typically \$4.00 per trade) and an additional fee of \$1.50 for each trade confirmation that you do not elect to receive electronically. You may also be subject to an additional, per-trade transaction charge on the selling of certain securities as disclosed on your trade confirmation

(generally less than \$1.00 on trades of \$50,000 or less). These fees are not shared with us but are transaction charges paid to FSC and our custodian. Please see Item 10 which explains our relationship with FSC.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you may incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

In addition to providing advisory services, our Advisory Representatives will likely also sell you securities products and other investment and insurance products in their capacity as registered representatives of FSC and as licensed insurance agents. We will receive additional compensation in connection with this activity and the amount of compensation will depend on the type of product purchased. We will have a greater financial incentive to sell certain products as opposed to others (for example, in the case of mutual funds those that have a higher 12b-1 fee than others). While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

The arrangements noted above present conflicts of interest because they create a potential incentive to our advisory representatives to make recommendations based upon the amount of compensation we might receive rather than based upon your needs.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer. We will explain to you the specific costs associated with any of these investments, investment management programs, or insurance products upon request.

Item 6: Performance-Based Fees and Side By Side Management

Performance-based fees are designed to give a portion of the returns of an investment to the investment adviser as a reward for positive performance. The fee is generally a percentage of the profits made on the investments.

We do not charge performance-based fees on any of our client accounts.

Item 7: Types of Clients

We provide advisory services primarily to high net worth individuals, including their trusts, estates and retirement accounts.

We do not require that you have a minimum account size for our direct asset management program. To participate in the Advisor Managed Portfolios program, however, the minimum account size is generally \$50,000.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

We select specific investments for your account primarily through the use of fundamental analysis.

Fundamental analysis is a method of evaluating a company that has issued securities by attempting to measure the value of its underlying assets. This entails studying overall economic and industry conditions as well as the financial condition and the quality of the company's management. Earnings, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the company's securities to determine whether to purchase, sell or hold those securities.

Although we manage your portfolio in a manner consistent with your specific risk tolerances, there can be no guarantee that our efforts will be successful. General economic conditions, current interest rates, the performance of a particular industry or a particular company, and any number of other factors can affect investment performance.

You should be prepared to bear the risk of loss. All investments bear the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings.

Our investment strategies may include long-term and short-term purchases and sales, trading, and the use of options, margin, and short sales. You may place reasonable restrictions on the strategies to be employed and the types of investments to be held in your account.

Please be aware that the use of margin, options and short sales are higher risk strategies. It is possible to lose all of the principal you invest, and sometimes more.

In a “cash account,” where you fully pay for each purchase, your risk is limited to the amount of money that you invested. In a “margin account,” where you borrow money to purchase investments, your risk includes the amount of money invested plus the amount that has been loaned to you.

When you effect a “short sale,” you sell an investment you do not own with the expectation that it will decrease in price so that you will be able to “cover” the short sale by buying the investment at a lower price. Because there is no limit to how much an investment can increase in value, your potential losses can be infinite.

Associated Risks

When using Fundamental Analysis, we generally rely on, among other things, company earnings, balance sheet variables and management quality which are used to predict the future value of an investment. Data we review is generally considered reliable but we cannot guarantee nor have we verified its accuracy. In addition, the data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data is correct, there may be other factors that determine the value of securities other than those considered in Fundamental Analysis.

Listed above are some of the primary risks associated with the way we recommend investments to you, please do not hesitate to contact us to discuss these risks and others in more detail.

Investing in securities involves risk of loss that you should be prepared to bear.

Item 9: Disciplinary Information

We have not been the subject of any civil or criminal actions, an administrative proceeding before the SEC or any other regulatory agency, or a self-regulatory organization proceeding or other events that would be material to your evaluation of our business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

As explained under “Fees and Conditions” above, all representatives of our firm that provide advice to you (“Advisory Representatives”) are associated with FSC Securities Corp. (“FSC”) as Registered Representatives. FSC is a diversified financial services company registered with the Financial Industry Regulatory Authority (“FINRA”) as a broker-dealer engaged in the offer and sale of securities products. Our Advisory Representatives may recommend the purchase of securities offered by FSC. All representatives are also licensed as insurance agents with various unaffiliated insurance companies. If you purchase these products through them, they will receive normal commissions which may be in addition to customary advisory fees. As such, Advisory Representatives may have an incentive to sell you commissionable products in addition to providing you with advisory services when such commissionable products may not be suitable. Alternatively, they may have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing management advice on these products for an advisory fee. Therefore, a conflict of interest may exist between their interests and your best interests.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

Recommendation of Other Advisers

We may recommend that you use an unaffiliated third party asset manager (“TPAM”) based upon your needs and suitability. We share in the compensation paid to the third party asset manager for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the TPAM. Compensation paid to us by third party asset managers may vary, and therefore there may be a conflict of interest in recommending one third party asset manager over another. The fees you pay are the same as you would pay had you obtained the services directly from the TPAM.

Item 11: Code of Ethics; Participation or Interest in Client Transactions and Personal Trading

We have adopted a *Code of Ethics* (“*Code*”) to address the securities-related conduct of our advisory representatives and employees. The *Code* includes our policies and procedures developed to protect your interests in relation to the following:

- the duty at all times to place your interests ahead of ours;
- that all personal securities transactions of our advisory representatives and employees be conducted in a manner consistent with the *Code* and avoid any actual or potential conflict of interest, or any abuse of an advisory representative’s or employee’s position of trust and responsibility;
- that advisory representatives may not take inappropriate advantage of their positions;
- that information concerning the identity of your security holdings and financial circumstances are confidential; and
- that independence in the investment decision-making process is paramount.

We will provide a copy of the *Code* to you or any prospective client upon request.

We do not buy or sell securities for our own account that we also recommend to you. Your adviser is, however, permitted to buy or sell the same securities for his/her personal and family accounts that are bought or sold for your account. This may raise potential conflicts of interest when your adviser purchases or sells a security that is:

- owned by you or
- being considered for purchase or sale for you.

We have adopted policies and procedures that are intended address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in your best interests,
- prohibit favoring one client over another, and
- provide for the review of transactions to discover and correct any same-day trades that result in an advisory representative or employee receiving a better price than a client.

Advisory representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold by you.

Item 12: Brokerage Practices

As described in “Other Financial Industry Activities and Affiliations” above, our Advisory Representatives are also Registered Representatives of FSC, a FINRA registered broker-dealer. In order to meet its FINRA supervisory obligations, FSC requires that all investment advisory activities that we conduct be processed through FSC’s clearing relationships with Pershing LLC (“Pershing”). We may also recommend Charles Schwab & Co., Inc. (“Schwab”) as a custodian. We are independently owned and operated and not affiliated with the custodians we recommend. Our recommendation of a specific custodian is based in part on our existing relationships, the custodian’s financial strength, reputation, breadth of investment products, the cost and quality of custody and brokerage services provided to you and our other clients and the requirements of FSC. The custodians do not charge separately for holding our client accounts, but may be compensated by you through other transaction-related fees associated with the securities transactions they execute for your account.

Third party asset managers may require the use of certain custodians. Please refer to the Brokerage Practices sections of their respective brochures for more information. We may also receive economic and non-economic benefit from third-party asset managers we utilize in the form of the support products and services it makes available to use, such as research, technology or administrative support. The availability of these products and services are not based upon us giving particular investment advice, such as buying particular securities for our clients. The total advisory fee the client pays will not be higher because we accept these benefits.

Directed Brokerage

You may direct us in writing to use a particular custodian/broker-dealer to execute some or all of the transactions for your account. If you do so, you are responsible for negotiating the terms and arrangements for your account with that custodian/broker-dealer. We may not be able to negotiate commissions, obtain volume discounts, or best execution. In addition, under these circumstances a difference in commission charges may exist between the commissions charged to clients who direct us to use a particular custodian/broker or dealer and other clients who do not direct us to use a particular custodian/broker or dealer.

Bunched Trading

We may aggregate your orders with those of other clients in a bunched trade or trades when securities are purchased or sold. For each account that we include in the bunched trade, we must reasonably believe that the bunched order is consistent with our duty to seek best execution and may benefit you and each client participating in the aggregated order. The average price per share of each bunched trade is allocated to each account that participates in the bunched trade. Accounts that participate in the same bunched trade are charged transaction costs, if applicable, in accordance with their advisory contracts.

If a bunched order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation. Partial fills will be allocated in a way that does not consistently advantage or disadvantage particular client accounts and are generally filled pro-rata among participating accounts.

Item 13: Review of Accounts

We monitor the client accounts we manage on an ongoing basis with a formal review conducted at least annually, or as agreed upon with you. We review client accounts managed by third-party investment advisers on at least a quarterly basis.

We review the accounts of financial planning as frequently as we are directed to do so by each client. We generally do so on a quarterly basis.

We try to meet with you on at least an annual basis to ensure that we have current information regarding your personal circumstances, your investment goals and objectives, and your risk tolerances.

Our account reviews focus on the consistency of your investments with your stated objectives and risk tolerances. Our reviews also consider other relevant factors such as your investment time horizons, your liquidity needs, your tax considerations, any investment restrictions you previously requested, and other circumstances unique to you.

Account reviews may also be triggered by other factors such as changes in general economic and market conditions, analyst reports, issuer news and interest rate movement.

Third Party Investment Management Services

We will regularly review the reports provided to you by any third-party investment managers that are managing assets for you. We will contact you at least annually (or

more often as agreed upon with you) to review your financial situation, investment goals and objectives and risk tolerances, and the performance of the third-party investment manager to help monitor that your account is being managed in a manner consistent with your objectives.

Daniel Youngs is responsible for all reviews.

Again, we strongly encourage you to advise us of any changes in your personal circumstances, your investment goals or objectives, and your risk tolerances to help ensure that your investments and investment strategies are appropriate for you.

You will receive statements from your custodian/broker-dealer at least quarterly. These statements identify your current investment holdings, the cost of each of those investments, and their current market values. You will also receive performance analysis reports prepared by us which describe the returns realized on the investments in your account.

Item 14: Client Referrals and Other Compensation

We do not directly or indirectly compensate any person who is not one of our advisory representatives or employees for client referrals.

As discussed previously, all our Advisory Representatives are Registered Representatives of FSC. This arrangement requires us to offer you advisory services and programs sponsored or approved by FSC. FSC sets limits on how much we can charge you for these advisory services. Some advisory programs have higher fee limits than others. As such, there may be an incentive for us to recommend to you advisory services or programs with higher limits. In addition, FSC may charge us certain usage fees and expenses to use their advisory programs which may decrease the amount of money we make when offering investment advice to you. Therefore, there may be an incentive to provide you with advisory programs and services that may be cheaper for us to use but not as suitable to your needs as other advisory programs that FSC sponsors which may be more expensive for us to use.

In addition, FSC offers our Advisory Representatives educational, training and incentive programs for those Advisory Representatives that meet certain sales production goals. There may be an incentive for us to manage your account in ways that assist us in meeting these production goals even if such strategies may not always be suitable for your account.

When we offer you a Wrap Account, the fee for transactions executed in your account are included in your quarterly account fee. However, FSC will still assess the transaction charges to us. This may influence us to charge you a higher quarterly account fee than we would otherwise charge you in an effort to recoup from you the transaction charges FSC charges us. We may also have incentive to trade your account less often to lessen our transaction fees or to trade your account with certain securities where FSC reduces or eliminates the transaction charges (such as the Focus Elite and FundVest Programs mentioned below) to us even if such trading strategies may not always be suitable for your account.

Our Advisory Representatives participate in the Focus Elite and FundVest Programs, provided by FSC. In these programs, transaction charges for purchasing securities that participate in these programs may be reduced or waived. This may provide us with incentive to invest your account in these securities over securities that do not participate in these programs to reduce our transaction costs even if such investments may not always be suitable for your account.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

As noted above in Items 5 and 10, we receive compensation by referring you to third party asset managers. This creates a conflict of interest because we have an incentive to recommend those third party asset managers based on the compensation we receive rather than what's in your best interest. We address this conflict by disclosing it to you. Additionally, as fiduciaries we place your interests above our own in determining whether a referral to a third party asset manager is appropriate for you. You are under no obligation to use the services of a third party asset manager we recommend.

Item 15: Custody

Your account assets are maintained at a qualified custodian. We do not have physical custody of your assets but may be deemed to have custody when you authorize us to deduct our fees from your account. You will receive statements from your account custodian on at least a quarterly basis. We urge you to carefully review these statements. You should verify that the transactions in your account are consistent with your investment goals and the objectives for your account. We also encourage you to contact your advisory representative should you have any questions or concerns regarding your account.

The SEC issued a no-action letter (“Letter”) with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodians, Pershing & Schwab:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16: Investment Discretion

As previously noted, we offer asset management services on a discretionary basis, meaning that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your account. We may only exercise discretion if you have provided that authority to us in writing. This authorization is typically included in the investment advisory agreement you enter into with us.

The discretionary authority you grant to us does not provide us the ability to choose the custodian/broker-dealer through which transactions will be executed or to negotiate brokerage commissions. Additionally, our discretionary authority does not provide us the ability to withdraw funds from your account (other than to withdraw our advisory fees which, may only be done with your prior written authorization).

We will exercise discretion in a manner consistent with the stated investment objectives for your account.

You may choose to have your account in the Advisor Managed Portfolios program managed on a discretionary basis or a non-discretionary basis.

Typically under third-party investment management arrangements, the third-party investment manager exercises discretion in the management of your account. All securities transactions are selected and executed by that manager. We do not manage or obtain discretionary authority over the assets in those accounts.

Item 17: Voting Client Securities

We do not take any action or give any advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which your accounts may be invested. In addition, we do not take any action or give any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits. We will, however, forward to you any information received by us regarding proxies and class action legal matters involving any securities held in your accounts.

Item 18: Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding.

Item 19: Requirements for State-Registered Advisers

No additional information is required that has not been disclosed elsewhere in this disclosure.

ADV Part 2B: Brochure Supplement

Daniel Youngs

HFG Advisors, Inc.

5659 W. Michigan Ave.

Kalamazoo, MI

49009

269.372.3229

Brochure Supplement

February 2019

This brochure supplement provides information about Daniel Youngs that supplements the brochure of HFG Advisors, Inc. You should have received a copy of that brochure. Please contact Daniel Youngs, President, if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about Daniel Youngs, CRD Number 1076279, is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

Daniel Youngs

Year of birth: 1960

Formal education:

- Kalamazoo Valley Community college – Attended 1980-1981
- College of Financial Planning, 1991 Certified Financial Planner.

Business background:

- HFG Advisors, Inc. – President, Advisory Representative; (1987 – Present)
- FSC Securities Corporation – Registered Representative and Advisory Representative; (01/96 – Present)
- HFG Tax and Accounting LLC – Managing Partner (2010 – Present)

Professional designation(s):

Mr. Youngs is a Certified Financial Planner™ (“CFP®”). CFP® is a professional certification granted by the Certified Financial Planner Board of Standards, Inc. (“CFP Board”) that is recognized for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients.

To attain the right to use the CFP® designation, an individual must:

- Complete an advanced college-level course of study addressing various financial planning subject areas designated by the CFP Board, including insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Pass a comprehensive CFP® Certification Examination that tests the candidate’s ability to correctly diagnose financial planning issues and apply financial planning principles to real world circumstances;

- Complete at least three years of full-time financial planning-related work experience;
- Agree to be bound by the CFP Board’s *Standards of Professional Conduct*, which outline the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete 30 hours of continuing education hours every two years.

Disciplinary Information

Mr. Youngs has not been the subject of any civil or criminal action, an administrative proceeding before the SEC or any other regulatory agency, or a self-regulatory organization proceeding.

Other Business Activities

In addition to his association with HFG, Mr. Youngs is:

- an investment advisory representative of FSC Securities Corporation (FSC is a registered investment adviser);
- a registered representative of FSC (FSC is a registered broker/dealer), and
- a licensed insurance agent.

You are not required to do business with Mr. Youngs in any of these capacities.

Mr. Youngs may also earn commissions from insurance products you purchase from him. You are under no obligation to purchase such products from him.

As a registered representative of a broker-dealer, Mr. Youngs may receive commissions or other compensation from the sale of mutual funds or other products to you. For example, Mr. Youngs may receive “12b-1 fees,” which are fees paid by mutual fund companies for the on-going marketing of their investment products).

This additional compensation may present a conflict of interest because it creates an incentive to recommend products and services based upon compensation, rather than on your needs. Mr. Youngs will explain the costs associated with any recommendation he makes. You have no obligation to do business with Mr. Youngs in any of these capacities. Please be advised that Mr. Youngs strives to put his clients' interests first and foremost.

Additional Compensation

Mr. Youngs receives additional compensation for his activities as a registered representative of a broker-dealer, an advisory representative of an unaffiliated investment advisor, and as an insurance agent. This may also include applicable sales awards and other prizes. This compensation is described under "Other Business Activities" above.

Supervision

Mr. Youngs is our sole officer and senior manager. There are no other members to supervise or to monitor his activities.

Requirements for State-Registered Advisers

Mr. Youngs has not been the subject of any arbitration claims, other proceedings or bankruptcy petition.