

Clayton Financial Group, LLC

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Clayton Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at (314) 446-3250 or by email at: mbower@claytonfinancialgroup.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.

Additional information about Clayton Financial Group, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Clayton Financial Group, LLC's CRD number is: 226729.

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

This Brochure dated November 27, 2018, is an amendment to the firm's previously published Brochure.

Since the filing of the firm's last Brochure dated March 21, 2018, we have updated our standard fee schedule and have added detail about discretionary services we now provide. We have also made various updates but no other material changes were made.

Pursuant to regulatory requirements, we will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting Matthew Bower at (314) 446-3254. Additional information about the firm is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with the firm who are registered as investment adviser representatives of the firm.

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Item 4: Advisory Business

A. Description of the Advisory Firm

Clayton Financial Group, LLC (hereinafter “CFG”) is a Limited Liability Company organized in the State of Missouri.

The firm was formed in April 2015, and the principal owners are Kenneth John Bower and Matthew Joseph Bower. Kenneth Bower, Matthew Bower, Julie Bahr, Christopher Michalak, and Patrick Britt are all Managing Directors of Clayton Financial Group.

B. Types of Advisory Services

Portfolio Management Services

CFG offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. CFG creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). 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 |

CFG evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

CFG seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of CFG’s economic, investment or other financial interests. To meet its fiduciary obligations, CFG attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, CFG’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is CFG’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Retirement Plan Services

CFG also provides retirement plan services to businesses which may include plan level services such as discretionary management services, non-discretionary management services, and investment advisory services related to different types of retirement plans.

When providing management services, the firm is responsible for implementing recommendations. When the firm is providing advisory services, the client is responsible for implementation of recommendations.

Services Limited to Specific Types of Investments

CFG generally limits its investment advice to mutual funds, fixed income securities, insurance products including annuities, equities and ETFs. CFG may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

CFG offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CFG from properly servicing the client account, or if the restrictions would require CFG to deviate from its standard suite of services, CFG reserves the right to end the relationship.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. CFG does not participate in any wrap fee programs.

E. Assets Under Management

CFG has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$715,889,277	December 2017

Item 5: Fees and Compensation

A. Fee Schedule

Asset-Based Fees for Portfolio Management

Total Assets Under Management	Annual Fee
\$0 - \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.75%
\$3,000,000 - \$10,000,000	0.50%
\$10,000,000 - \$20,000,000	0.40%
\$20,000,000 - \$30,000,000	0.35%
\$30,000,000 - \$50,000,000	0.30%
\$50,000,000 - \$75,000,000	0.25%
Over \$75,000,000	Negotiable

These fees are generally negotiable and the final fee schedule is attached as Exhibit A of the Investment Advisory and Financial Planning agreement. Clients may terminate the agreement without penalty for a full refund of CFG's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

CFG uses the value of the account as of the last business day of the prior billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

Fees for Retirement Plan Services

Retirement plan investment advisory fees may be fixed or asset based (not to exceed 1.50% annually), and are negotiable depending on the complexity of the service and plan type. Fee levels (whether fixed or asset based) are primarily based on actual services to be provided, and generally range from 15 to 75 basis points, and may include a minimum fee.

B. Payment of Fees

Payment of Asset-Based Portfolio Management Fees

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance.

Payment of Retirement Plan Service Fees

Fees are generally deducted directly from client accounts on a quarterly basis, or clients may elect to alternatively pay fees by check or wire transfer. Fees may be billed in arrears or in advance depending on the engagement.

C. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by CFG. Please see Item 12 of this brochure regarding broker-dealer/custodian.

D. Prepayment of Fees

CFG collects asset management fees in advance, but may collect retirement plan fees either in advance or in arrears. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate* times the number of days elapsed in the billing period up to and including the day of termination. (*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

E. Outside Compensation For the Sale of Securities to Clients

Neither CFG nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

CFG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

CFG generally provides advisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Corporations or Business Entities
- Retirement Plans and Retirement Plan Sponsors

Minimum Account Size

There is no account minimum for any of CFG's services.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

CFG's methods of analysis include modern portfolio theory.

Modern Portfolio Theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

Investment Strategies

CFG uses long-term trading.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The

implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Investment Strategies

Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

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.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of

transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

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.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-Regulatory Organization (SRO) Proceedings

There are no Self-Regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither CFG nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither CFG nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither CFG nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

All assets are managed by CFG management. CFG utilizes Ascent Investment Partners (St. Louis, MO) to monitor all client Fixed Income holdings. This does not result in additional fees from the clients.

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

A. Code of Ethics

CFG has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. CFG's Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

CFG does not recommend that clients buy or sell any security in which a related person to CFG or CFG has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of CFG may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of CFG to buy or sell the same securities before or after recommending the same securities to clients, resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. CFG will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of CFG may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of CFG to buy or sell securities before or after recommending securities to clients, resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, CFG will never engage in trading that operates to the client's disadvantage if representatives of CFG buy or sell securities at or around the same time as clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on CFG's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and CFG may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in CFG's research efforts. CFG will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

CFG will generally recommend that clients use Schwab Institutional, a division of Charles Schwab & Co., Inc. and Fidelity Brokerage Services LLC as the account custodian and primary broker. CFG may however direct specialized trades to outside broker-dealers subject to its obligation to obtain best execution.

1. Research and Other Soft-Dollar Benefits

While CFG has no formal soft dollars program in which soft dollars are used to pay for third party services, CFG may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft

dollar benefits"). CFG may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and CFG does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. CFG benefits by not having to produce or pay for the research, products or services, and CFG may have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be

aware that CFG's acceptance of soft dollar benefits may result in higher commissions charged to the client.

2. *Brokerage for Client Referrals*

CFG receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. *Clients Directing Which Broker/Dealer/Custodian to Use*

CFG may permit Clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding of how they may be permitted to direct brokerage. If a client directs brokerage, the client will be required to acknowledge in writing that the Client's direction with respect to the use of brokers supersedes any authority granted to CFG to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

B. Aggregating (Block) Trading for Multiple Client Accounts

CFG does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for CFG's advisory services provided on an ongoing basis are reviewed at least quarterly by Matthew J Bower, Kenneth Bower and Julie Bahr with regard to clients' respective investment policies and risk tolerance levels. All accounts at CFG are assigned to reviewers.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of CFG's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

CFG does not receive any economic benefit, directly or indirectly from any third party for advice rendered to CFG's clients.

B. Compensation to Non – Advisory Personnel for Client Referrals

CFG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

CFG does not retain possession of client funds or securities but instead requires that all client assets be held by a qualified custodian. CFG may however accept limited authority to trade on a client's behalf, to deduct advisory fees from client accounts, and to make certain types of disbursements from client accounts with the applicable client's written authorization. Clients will receive account statements directly from the custodian and should carefully review those statements for accuracy.

Item 16: Investment Discretion

CFG will in limited instances accept discretionary authority to manage securities accounts on behalf of clients, although most accounts are non-discretionary.

When granted authority to manage accounts, CFG customarily has the authority to determine which securities and the amounts that are bought or sold. Any discretionary authority accepted by CFG, however, is subject to the client's risk profile and investment objectives, and may be limited by any other limitations provided by the client in writing.

CFG will not exercise discretionary authority until the firm has been given authority to do so in writing. Such authority is granted in the written agreement with the client, and in the client's written agreement with the custodian.

Item 17: Voting Client Securities (Proxy Voting)

CFG will not ask for, nor accept voting authority for, client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

In addition, CFG does not take any action, accept any responsibility, or provide any advice, related to securities held in any accounts that are named in or subject to class action lawsuits. The firm will however at its discretion assist clients who elect to retain third party vendors to assist with class action research and shareholder actions.

Item 18: Financial Information

A. Balance Sheet

CFG neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither CFG nor its management has any financial condition that is likely to reasonably impair CFG's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

CFG has not been the subject of a bankruptcy petition in the last ten years.