

# **FLOYD FINANCIAL GROUP, LLC.**

## **FIRM BROCHURE (ADV PART 2A)**

March 20, 2024

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### **ITEM 1 – FIRM BROCHURE COVER**

This brochure provides information about the qualifications and business practices of Floyd Financial Group LLC. If you have any questions about the contents of this brochure, please contact Jake Floyd at (417) 889-7233. 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.

Floyd Financial Group LLC is a registered investment adviser. Registration of an Investment Advisor does not imply any level of skill or training. The written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about Floyd Financial Group LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The Advisor's CRD number is 226773

## **ITEM 2 - MATERIAL CHANGES**

The following material changes have been made to this brochure since our last update on 11/9/2023:

- Item 4 has been amended to reflect our AUM as of 12/31/23 and our status as an SEC-registered investment adviser.
- Item 12 has been amended to reflect that we do not allow client-directed brokerage.
- Item 15 has been amended to discuss our utilization of standing letters of authorization and the safeguards adopted pursuant to that arrangement.

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## **ITEM 4 - ADVISORY BUSINESS**

### **A. Ownership/Advisory History**

Floyd Financial Group LLC ("Advisor") was established as a Missouri Limited Liability Company in October 2006. It was subsequently registered as a Missouri investment adviser in 2015, and SEC investment adviser in 2024. The advisor's owner and chief compliance officer is Jacob Floyd ("Mr. Floyd"). Additional information about Mr. Floyd can be found under Item 19 -- Requirements for State-Registered Advisers.

### **B. Advisory Services Offered**

Advisor's services include portfolio management services, institutional retirement advisory service and the creation of financial plans for clients. Advisor will meet with a client to evaluate the individual client's investment needs, goals and objectives. After the evaluation, Advisor may recommend one of the services described below.

#### Investment Advisory Services

Advisor provides all client with financial planning services to evaluate their financial situation, goals and risk tolerance. Through a series of personal interviews and the use of questionnaires Advisor will collect pertinent data, identify goals, objectives, financial problems, potential solutions, prepare specific recommendations and implement recommendations. As a result of these actions, Advisor's advice may be provided on financial and cash management, risk management, financial issues relating to divorce or marital issues, estate planning, tax issues, stretch IRA planning, Investment Planning/Asset Allocation, retirement planning, educational funding, goal setting, or other needs as identified by the client and Advisor. Advisor may offer broad-based planning services or the client may desire advice on certain planning components; Advisor can tailor services as desired by the client. At the conclusion of the Financial Planning Service the Advisor will present the client with a written financial plan.

After preparing a financial plan the Advisor may recommend its discretionary portfolio management services. (Please note that the Advisor does not charge a separate fee for its financial planning services.)

With the Advisors portfolio management services, the Advisor and client will create a customized portfolio that Advisor manages for the client. Advisor works with the client to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations. Portfolios typically contain mutual funds, equities, exchange traded funds, bonds, municipal securities, publicly traded real estate investment trust or master limited partnerships. Depending on the client's situation other securities may be used in their portfolio.

### **C. Tailored Services**

As described above, Advisor's services are individualized to each client. Portfolio management clients may impose restrictions on investment in certain securities or types of securities. All restrictions must be presented to Advisor in writing.

## **D. Wrap Program**

Advisor does not have a wrap program. This section is not applicable.

## **E. Client Assets Managed**

As of December 31, 2023, we manage \$118,290,651 in client assets on a discretionary basis. As of December 31, 2023, we manage \$0 client assets on a non-discretionary basis.

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

### **Portfolio Management Services**

Fees for portfolio management services will be based on a percentage of the assets under management. The Advisor's maximum annual fee is 1.25%. The fee is negotiable, and the client may combine multiple accounts within the same household to achieve a lower fee. The fee is collected monthly in advance. When collecting monthly the fee is based upon the previous month's end value as reported by the account's custodian. The initial month's fee will be prorated for the number of days in the month. (For example, if client engages Advisor 15 days into a 30-day month, the client will be charged for only 15 days.) The client will be asked to authorize Advisor with the ability to withdraw the fee directly from the client's account.

Advisor's fees are separate and distinct from other fees or expenses that may include brokerage charges, transaction fees, and other related costs and expenses. Additionally, clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by mutual fund managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from the firm's fee.

A client may terminate the Investment Management Agreement for any reason at any time and, within the first five (5) business days after signing the contract and receive a 100% refund of any fees paid without any cost or penalty. Thereafter, the Agreement may be terminated at any time by giving ten (10) days written notice. The written notice of termination must be sent to Floyd Financial Group LLC, 1304 W. Battlefield St., Springfield, MO 65807. Because Advisor's fee is charged in advance, the client will receive a prorated refund of unearned fees during the termination month. For example, if client terminates an account 10 days into a 30-day month, the client will receive a refund of 67% of the fees charged at the beginning of the month. ( $10/30 = 33\%$ ;  $100\% - 33\% = 66\%$  refund). If permitted by the client's custodian, the refund will be deposited into the client's account otherwise the refund will be paid to the client by company check directly to the client within 30 days of termination notice receipt.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

Advisor does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **ITEM 7 - TYPES OF CLIENTS**

Advisor's services are offered to individuals and high net worth individuals. Advisor does not require a minimum account size, but reserves discretion to not accept clients where it is not in their best interest to engage Advisor's services.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods Of Analysis and Investment Strategies**

With respect to the Advisor's financial planning services, it uses an individualized asset allocation method for each client. When deciding on the asset allocation for a client, the Advisor takes into account the client's risk tolerance, goals, investment objectives and other data gathered during the client meetings. Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon among various asset classes. The asset classes typically include equities, fixed• income, and cash and equivalents. The risk associated with asset allocation is that each class has different levels of risk and return, so each will behave differently over time. Also, despite being diversified there is no guarantee that an account will grow.

Once the financial plan is created the Advisor uses a combination of the following methods of analysis to manage the client's account:

Fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The analysis is performed on historical and present data. On a broader scope, one can perform fundamental analysis on industries or the economy as a whole. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements. The risk associated with fundamental analysis is that despite that appearance that a security is undervalued, it may not rise in value as predicted.

Technical Analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. The risk associated with technical analysis is that there is no broad consensus among technical traders on the best method of identifying future price movements.

Cyclical Analysis is a method of evaluating business or economic cycles. The broad economy or its segments have been shown to move in cycles. The cyclical analyst looks for those cycles in which to invest. The risk associated with cyclical analysis is that the cycles vary and shifts in the cycles may not be immediately identified.

Advisor's analysis of securities and advice relating thereto may be based upon information obtained from financial newspapers and magazines, research materials prepared by others, corporate ratings services, and annual reports, prospectuses and filings made with the Securities and Exchange Commission. Advisor may also utilize computer models for performance analysis, asset allocation and risk management.

## **B. Recommended Securities and Investment Risks**

Advisor uses a variety of securities in client accounts. They include, but are not limited to mutual funds, exchange traded funds, equities, bonds and other corporate debt instruments; government debt instruments including treasury bills and municipal securities; master limited partnerships; traded real estate investment trusts; certificates of deposit; money market funds and cash.

All investments bear different types and degrees of risk and investing in securities involves risk of loss that clients should be prepared to bear. While the Advisor uses investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk.

Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. A client needs to ask questions about risks he/she does not understand. Advisor would be pleased to discuss them.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. The client's account performance could be hurt by:

- **Credit risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.
- **Inflation Risk:** This is the risk that inflation will undermine the performance of your investment and/or the future purchasing power of your assets.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates. Interest rate risk will vary for the Firm, depending on the amount of Client assets invested in bonds.
- **International Investing Risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, and regulatory and financial reporting standards, that differ from those of the U.S.
- **Liquidity Risk:** Liquidity risk exist when particular investments are difficult to purchase or sell, possibly preventing the ability to sell such illiquid securities at an advantageous time or price, or possibly requiring the client to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the Client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **Master Limited Partnership Tax Status Risk:** MLPs must be organized and operated and intend to continue to be organized and to operate, in a manner that will enable them to qualify as a MLP for federal income tax purposes. No assurance can be given that a MLP qualifies or will continue to qualify as an MLP. If a MLP fails to qualify as a MLP, it will be subject to federal income tax at regular corporate rates. If a MLP fails to qualify the funds available for distribution to investors would be greatly reduced for each of the years involved.
- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the Advisor or the integrity of its management.

Advisor and its owner have no information applicable to this Item because they have not been the subject of any administrative, civil, criminal, regulatory (SEC or State) or self-regulatory proceedings.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Advisor's owner, Jacob Floyd, is an independent insurance agent (life and annuity). Mr. Floyd may recommend these services to clients. This other business activity pays Mr. Floyd commissions that are separate from the fees described above. This is a conflict of interest because the commissions give Mr. Floyd a financial incentive to recommend and sell clients the insurance products. However, Mr. Floyd attempts to mitigate any conflicts of interest to the best of his ability by placing the client's interests ahead of his own, through his fiduciary duty and by informing clients that they are never obligated to purchase recommended insurance through him.

Randy Floyd is a licensed insurance agent. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Floyd Financial Group, LLC always acts in the best interest of the client, including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Floyd Financial Group, LLC in their capacity as a licensed insurance agent.

Floyd Financial is not registered and does not have an application pending to register, as a broker dealer and its management persons are not registered as broker/dealer representative.

Floyd Financial and its management persons are not registered and do not have application pending to register, as a futures commission merchant, commodity pool operator/advisor.

Floyd Financial does not recommend or select other investment advisers for its clients.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Description**

Advisor's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. Advisor will provide a copy of its Code of Ethics to any client or prospective client upon request.

Advisor's Code of Ethics covers all supervised persons, and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business



entertainment items, and personal securities trading procedures, among other things. All supervised persons at Advisor must acknowledge the terms of the Code of Ethics annually, or as amended.

## **B. Material Interest in Securities**

Advisor and the owners do not have a material interest in any securities.

## **C. Trading Securities At/Around the Same Time as Client's Securities**

Advisor and/or its investment advisory representatives may from time-to-time purchase or sell products or investments that they may recommend to clients. Advisor has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser.

In addition, the Code of Ethics governs personal trading by each employee of Advisor deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Advisor are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients of the adviser or its affiliates.

Advisor collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve potential conflicts of interest. Advisor's Code of Ethics is available upon request.

# **ITEM 12 - BROKERAGE PRACTICES**

## **A. Recommendation Criteria**

We typically recommend Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian.

Floyd is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as a custodian, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

## **Products and services available to the Firm from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. Schwab provides Floyd and our clients with access to institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services described below are generally available on an unsolicited basis (i.e., we do not have to request them) and at no charge to us. Here is a more detailed description of Schwab's support services:

### *Services that Benefit Clients Directly*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit each client.

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

Schwab also makes available to us other products and services that benefit us but may not directly benefit a specific client. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as trade confirmations and account statements);
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- Provides pricing and other market data;
- Facilitates payment of our fees from our clients' accounts; and
- Assists with back-office functions, recordkeeping and client reporting.

### *Services that Generally Benefit Only Us*

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include (among others) the following:

- Educational conferences and events
- Technology, compliance, legal, and business consulting
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants and insurance providers

Schwab will provide some of these services itself or will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of the services described above from Schwab benefits us because we do not have to produce or purchase them. They are not contingent upon Floyd committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as a custodian and broker is in the best interest of our clients. Our selection is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that benefit only us.

NOTE: Clients may be able to obtain lower commissions and fees from other brokers, and the value of products, research and services given to the applicant is not a factor in determining the selection of broker/dealers or the reasonableness of their commissions.

### Research And Soft Dollars

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. The Advisor does not receive "soft dollars" from any vendor, service provider or custodian.

### Brokerage For Client Referrals

Advisor does not receive client referrals or any other incentive from any broker-dealer or custodian.

### Directed Brokerage

Advisor does not accept client-directed brokerage.

### **B. Trade Aggregation**

Advisor may aggregate orders with respect to the same security purchased for different clients. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to our discretion depending on factual or market conditions. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. Allocations of orders among client accounts must be made in a fair and equitable manner.

### **C. Trade Error Policy**

Advisor maintains a record of any trading errors that occur in connection with investment activities of its clients. Both gains and losses that result from a trading error made by Advisor will be borne or realized by Advisor.

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

### **A. Periodic Reviews**

Investment Advisor Representatives will review accounts with new clients either in person or by telephone approximately three months after opening a new account and then annually thereafter. They also review client positions on a monthly basis.

The Firm regularly reviews and evaluates client accounts for compliance with each client's investment objectives, policies and restrictions. The Firm analyzes rates of return and allocation of assets to determine model strategy effectiveness. Such reviews are conducted by the Chief Compliance Officer of the Firm and shall occur at least once per calendar year.

### **B. Intermittent Reviews**

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or changes in the client's financial status (such as retirement, termination of employment, relocation, inheritance, etc.). Clients are advised to notify 238AM promptly if there are any material changes in their financial situation, investment objectives, or in the event they wish to place restrictions on their account.

### **C. Reports**

Financial Planning clients receive a written report at the conclusion of the financial planning engagement. Portfolio Management clients will receive account statements from the custodian of their accounts at least quarterly, although monthly is customary.

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

### **A. Client Referrals**

We may refer professionals to our customers and those same professionals may have other personal and/or business relationships with us including rental property, spouses, and referring customers to us. This creates a conflict of interest as these referring professionals are providing us with an economic benefit, however, you are under no obligation to engage with the professionals we refer to.

### **B. Other Compensation**

Advisor does not pay for client referrals or use solicitors.

## **ITEM 15 - CUSTODY**

All client funds, securities and accounts are held at third-party custodians. Advisor does not take possession of a client's funds, securities or accounts except as enumerated by standing letters of authorization (SLOA). Where the firm maintains SLOAs, it endeavors to comply with the SEC no-action letter to the Investment Adviser Association dated February 21, 2017.

Portfolio management clients will be asked to authorize Advisor with the ability to deduct its management fee directly from the client's account. This authorization will apply to Advisor's management fee only. A client may cancel Advisor's ability to deduct the fees from the Account by notifying Advisor at any time. The Account's custodian will send at least quarterly account statements, indicating the amount of fees withdrawn from the client's Account. Advisor urges clients to carefully review their statements and notify Advisor of any discrepancies as soon as possible.

## **ITEM 16 - INVESTMENT DISCRETION**

Advisor offers discretionary investment management services. The discretionary investment management is granted when a client signs an investment management agreement. The investment management agreement contains a limited power of attorney that allows Advisor to select the securities to be bought and sold and the amount of securities to be bought and sold in the client's account. It also allows Advisor to place each such trade without the client's prior approval. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account, and any other investment policies, limitation or restrictions.

## **ITEM 17 - VOTING CLIENT SECURITIES**

Advisor does not vote proxy. Clients will receive proxy materials directly from their account's custodian. Any proxy solicitation materials received by Advisor will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact his/her investment adviser representative.

## **ITEM 18 - FINANCIAL INFORMATION**

### **A. Balance Sheet**

Advisor does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

### **B. Financial Condition**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Advisor's financial condition. Advisor has no financial commitment that impairs its ability to service its clients.

### **C. Bankruptcy**

Advisor, its owner and its investment adviser representative have not been the subject of a bankruptcy proceeding.