

**Floyd Capital Management** <sup>1</sup>

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**11/11/2010**

**FORM ADV PART 2  
BROCHURE**

This brochure provides information about the qualifications and business practices of **Floyd Capital Management**. If you have any questions about the contents of this brochure, please contact us at **903-794-2704** or **benjfloyd@cableone.net**. 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 **Floyd Capital Management** is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for **Floyd Capital Management** is **111576**. <sup>2</sup>

**Floyd Capital Management** is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. <sup>3</sup>

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## Advisory Business

Form ADV Part 2A, Item 4

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

**Notes:** (1) For purposes of this item, your principal owners include the persons you list as owning 25% or more of your firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If you are a publicly held company without a 25% shareholder, simply disclose that you are publicly held. (3) If an individual or company owns 25% or more of your firm through subsidiaries, you must identify the individual or parent company and intermediate subsidiaries. If you are an SEC-registered adviser, you must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries. If you are a state-registered adviser, you must identify all intermediate subsidiaries.

Floyd Capital Management has been in the investment advisory business since 1986. The company is 100% owned by Benjamin Joseph Floyd.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

The only type of advisory service Floyd Capital Management offers is managing investments using primarily exchange traded funds and to a lesser extent mutual funds and occasionally individual stocks. An asset allocation strategy is used to adjust clients' asset mix depending on changing market conditions.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

Floyd Capital Management does not tailor to the individual needs of clients. Clients may not impose restrictions on investing in certain securities or types of securities.

D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Floyd Capital Management does not participate in wrap fee programs.

E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.

**Note:** Your method for computing the amount of "client assets you manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A. However, if you choose to use a different method to compute "client assets you manage," you must keep documentation describing the method you use. The amount you disclose may be rounded to the nearest \$100,000. Your "as of" date must not be more than 90 days before the date you last updated your brochure in response to this [Item 4.E](#).

Floyd Capital Management had \$136,577,206 in client assets under management on a discretionary basis as of 9/30/2010.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

**Note:** If you are an SEC-registered adviser, you do not need to include this information in a brochure that is delivered only to qualified purchasers as defined in section [2\(a\)\(51\)\(A\) of the Investment Company Act of 1940](#).

Floyd Capital Management is a fee only advisor charging an annual rate of 1.25% on assets up to \$1 million decreasing to 0.75% on assets over \$1 million. Fees are not negotiable.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

Floyd Capital Management deducts fees from clients' assets. Fees are deducted at the end of each quarter after services are provided.

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

Exchange traded funds expense ratios equal 0.1%-0.7%. Clients will incur brokerage and other transaction costs described in brokerage practices section. Mutual funds expense ratios equal 0.5%-2%, possible 12b-1 fees equal 0.25%, and possible redemption fees for early liquidation equal 1%-2%.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

N/A

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items [5.E.1](#), [5.E.2](#), [5.E.3](#) and [5.E.4](#).

1. Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.

N/A

2. Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.

N/A

3. If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if

applicable, your exclusive compensation.

N/A

4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.

**Note:** If you receive compensation in connection with the purchase or sale of securities, you should carefully consider the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes.

N/A

### ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

N/A

### ***Types of Clients***

Form ADV Part 2A, Item 7

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Floyd Capital Management generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

\$100,000 minimum account size required to open an account with a \$1,250 minimum annual fee.

## ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

When the stock market enters an uptrend, I play offense and scale into exchange traded funds. When the stock market enters a downtrend, I play defense and scale out of exchange traded funds. I try to hold my winners as long as they continue to trend higher. On the other hand, I hate to give back profits. When I feel no opportunities exist, I attempt to protect client portfolios by moving to the safety of money market funds rather than risking capital in a declining market. I attempt to limit the damage from losing trades by quickly accepting small losses but I try to maximize winning trades by letting profits run as long as possible. Investing in securities involves risk of loss that clients should be prepared to bear.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

My investment strategy produces high portfolio turnover but to keep brokerage costs to a minimum we use an asset based pricing structure which charges a 1% annual rate only on securities but does not charge for the money market. I estimate that over a year we will be on average 50% invested in securities and 50% in the money market which will result in an annual brokerage expense of 0.5% or less. For accounts above \$500,000 we choose to pay \$8.95 per trade which I estimate over a year will cost 0.5% or less.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

I trade exchange traded funds which have very low expenses, very high liquidity, and maximum diversification to reduce risk.



## Disciplinary Information

Form ADV Part 2A, Item 9

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a management person has been involved in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the management person's favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a management person has been involved in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a client's or prospective client's evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a client's or prospective client's evaluation.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

N/A

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

N/A

3. was found to have been involved in a violation of an investment-related statute or regulation; or

N/A

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

N/A

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

N/A

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;

N/A

(b) barring or suspending your firm's or a management person's association with an investment-related business;

N/A

(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or

N/A

(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

N/A

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

N/A

2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

N/A

**Note:** You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a management person to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the person involved in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See [SEC rule 204-2\(a\)\(14\)\(iii\)](#).

### ***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

N/A

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

N/A

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

N/A

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

N/A

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Form ADV Part 2A, Item 11

- A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to [SEC rule 204A-1](#) or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

Floyd Capital Management has adopted a Code of Ethics which establishes rules of conduct for all employees. Included in the Code is a Statement of General Policy that employees owe a fiduciary duty to act solely in the best interests of clients; Standards of Business Conduct which prohibit Insider Trading or Personal Securities Transactions in conflict with the best interests of clients; and Compliance Procedures including reporting and recordkeeping requirements of employee personal securities transactions. Floyd Capital Management will provide a copy of its Code of Ethics to any client or prospective client upon request.

- B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.

N/A

- C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

Ben Floyd participates in all block trades with clients receiving the same price, commission, and portfolio percentage as clients.

- D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

**Note:** The description required by Item 11.A may include information responsive to Item 11.B, C or D. If so, it is not necessary to make repeated disclosures of the same information. You do not have to provide disclosure in response to Item 11.B, 11.C, or 11.D with respect to securities that are not "reportable securities" under [SEC rule 204A-1\(e\)\(10\)](#) and similar state rules.

Ben Floyd participates in all block trades with clients receiving the same price, commission, and portfolio percentage as clients.

## Brokerage Practices

Form ADV Part 2A, Item 12

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

**Note:** Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

Floyd Capital Management chose Charles Schwab Institutional as its broker because Schwab offers the largest selection of mutual funds and exchange traded funds at the lowest commission cost. Schwab also offers a proprietary trading platform which assists in executing exchange traded fund trades and equity trades at the best possible price and the lowest commission cost.

Floyd Capital Management requires that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Floyd Capital Management is independently owned and operated and not affiliated with Schwab. Schwab provides Floyd Capital Management with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Floyd Capital Management's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Floyd Capital Management other products and services that benefit Floyd Capital Management but may not benefit its clients' accounts. Some of these other products and services assist Floyd Capital Management in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Floyd Capital Management's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Floyd Capital Management's accounts. Schwab Institutional also makes available to Floyd Capital Management other services intended to help Floyd Capital Management manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to Floyd Capital Management by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to Floyd Capital Management. While as a fiduciary, Floyd Capital Management endeavors to act in its clients' best interests, Floyd Capital Management's requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Floyd Capital Management of the availability of some of the foregoing products and services and not solely on the nature,

cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

- a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

When Floyd Capital Management uses client brokerage commissions to obtain research or other products or services, Floyd receives a benefit because he does not have to produce or pay for the research, products, or services.

- b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

Floyd Capital Management may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution.

- c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

Floyd Capital Management receives soft dollar benefits from Schwab Institutional but this does not cause clients to pay commissions higher than those charged by other broker-dealers. Floyd Capital Management clients pay Schwab commissions of \$8.95 per trade, the same low commission Schwab would charge if Floyd elected not to receive soft dollar benefits from Schwab Institutional.

- d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Floyd Capital Management uses soft dollar benefits to service all of our clients' accounts. We do not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

- e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.

**Note:** This description must be specific enough for your clients to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in [section 28\(e\) of the Securities Exchange Act of 1934](#), such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.

Floyd Capital Management's largest use of soft dollars went to Advent Software. Floyd Capital Management made an allocation determination of the mixed use for our Advent Software and found an 85.7% use for pre/post trade matching (reconciliation). Other uses of soft dollars included mutual fund research from Morningstar and stock market research from Vector Vest.

- f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

Floyd Capital Management directs client transactions to Schwab Institutional to benefit from Schwab's low commission structure and proprietary trading platform for best trade execution. Floyd Capital Management clients pay Schwab commissions of \$8.95 per trade, the same low commission Schwab would charge if Floyd elected not to receive soft dollar benefits from Schwab Institutional.

2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.

N/A

b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

N/A

3. Directed Brokerage.

a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

N/A

b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

**Note:** If your clients only have directed brokerage arrangements subject to most favorable execution of client transactions, you do not need to respond to the last sentence of Item 12.A.3.a. or to the second or third sentences of Item 12.A.3.b.

N/A

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

Floyd Capital Management aggregates the purchase and sale of all securities trades for all client accounts.

## ***Review of Accounts***

Form ADV Part 2A, Item 13

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

All client accounts are reviewed at least once a month depending on the amount of activity in the account. Ben Floyd, owner and registered investment advisor, conducts the review.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

All client accounts are reviewed after each trade to confirm correct purchase and sale prices, commissions paid, and allocation percentages. Ben Floyd, owner and registered investment advisor, conducts the review.

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

Clients receive monthly statements from the brokerage firm listing all trades during the past month and end of month portfolio market values. Clients receive a written quarterly report from Ben Floyd reviewing performance and end of quarter market values.



### ***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

N/A

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

**Note:** If you compensate any person for client referrals, you should consider whether [SEC rule 206\(4\)-3](#) or similar state rules regarding solicitation arrangements and/or state rules requiring registration of investment adviser representatives apply.

N/A

## ***Custody***

Form ADV Part 2A, Item 15

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

Clients should carefully review their monthly account statements from Schwab Institutional. Clients should compare the account statements they receive from Schwab Institutional with the quarterly statements they receive from Floyd Capital Management.

### ***Investment Discretion***

Form ADV Part 2A, Item 16

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Floyd Capital Management accepts discretionary authority to manage securities accounts on behalf of clients with no limitations placed on this authority by clients. Before Floyd Capital Management assumes this authority, both the Investor and Ben Floyd sign an investment contract giving discretionary authority to Floyd Capital Management. The Investor also initials his trading authorization on the Charles Schwab Institutional account application which gives discretionary power of attorney authorizing Schwab to execute trades in the client account at the direction of Floyd Capital Management.

### ***Voting Client Securities***

Form ADV Part 2A, Item 17

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to [SEC rule 206\(4\)-6](#). Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

Floyd Capital Management does not vote any proxies on behalf of clients. Only clients have proxy voting authority.

B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

Floyd Capital Management does not vote any proxies on behalf of clients. Only clients have proxy voting authority. Clients will receive their proxies from their custodian. Clients can call me at my office if they have questions about a particular solicitation.

## Financial Information

Form ADV Part 2A, Item 18

A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

N/A

2. Show parenthetically the market or fair value of securities included at cost.

N/A

3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to [Article 2 of SEC Regulation S-X](#).

**Note:** If you are a sole proprietor, show investment advisory business assets and liabilities separate from other business and personal assets and liabilities. You may aggregate other business and personal assets unless advisory business liabilities exceed advisory business assets.

**Note:** If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your brochure.

**Exception:** You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in [SEC rule 206\(4\)-2](#) or similar state rules; or (ii) an insurance company.

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B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

**Note:** With respect to [Items 18.A](#) and [18.B](#), if you are registered or are registering with one or more of the state securities authorities, the dollar amount reporting threshold for including the required balance sheet and for making the required financial condition disclosures is more than \$500 in fees per client, six months or more in advance.

N/A

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

If you are registering or are registered with one or more state securities authorities, you must respond to the following additional Item.

N/A