



**LOYD FINANCIAL  
MANAGEMENT, INC.**

## **Item 1 – Cover Page**

### **Form ADV Part 2A – Firm Brochure February 2024**

## **Loyd Financial Management, Inc.**

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This brochure provides information about the qualifications and business practices of Loyd Financial Management, Inc. If you have any questions about the contents of this brochure, please contact us at: (303) 779-0987, or by email at: [Don@LoydFinancial.com](mailto:Don@LoydFinancial.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 Loyd Financial Management, Inc. is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov). CRD# 112236

Please note that the use of the term “registered investment adviser” and description of Loyd Financial Management, Inc. and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## Item 2 – Material Changes

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### Material Changes since the Last Annual Amendment Dated March 2023:

- Item 4: Advisory Business has been amended to indicate that as of December 31, 2023, Loyd Financial managed \$103,500,000 in regulatory assets including client legacy assets, 529 college savings accounts and variable annuities, on a non-discretionary basis.
- Item 18: Financial Information has been amended to reflect the \$1200 advance fee threshold for SEC-registered advisers.
- Item 19: Requirements for State-Registered Advisers has been deleted as no longer applicable due to the firm's SEC registration.

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### Full Brochure Available

Copies of the Firm Brochure are available by contacting Loyd Financial Management, Inc., at (303) 779-0987 or by email at: [Don@LoydFinancial.com](mailto:Don@LoydFinancial.com).

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## Item 4 – Advisory Business

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### Introduction

Loyd Financial Management, Inc. (hereafter “Loyd Financial”), a Colorado Corporation, was established in 1998 by its principal owner, Donald P. Loyd. Mr. Loyd is a Certified Financial Planner Practitioner and has been so since 1991.

Loyd Financial provides personalized comprehensive financial planning and fee-only investment management to individuals, including high net worth individuals and charitable organizations. Advice is provided through consultation with the Client and can include the following: determination of financial objectives, clarification and identification of financial goals, cash flow management, tax planning, insurance review, investment management, retirement planning, and estate planning. The Firm does not provide investment advice with respect to only limited types of investments.

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### Principal Owner(s)

Donald P. Loyd is the sole owner of Loyd Financial.

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### Advisory Clients

Loyd Financial provides advice to individuals, high net worth individuals and charitable organizations on matters involving securities and on more than an occasional basis, on matters not involving securities, such as financial planning matters, taxation issues, insurance as well as retirement and estate planning.

The initial Client meeting is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the Client. Loyd Financial shall deliver a copy of this Brochure (Form ADV Part 2A) and its Supplement (Form ADV Part 2B) to an advisory Client or prospective advisory Client at the time of entering into any such contract, since the advisory Client has a right to terminate the contract without penalty within five (5) business days after entering into the contract.

Before entering into or renewing an advisory agreement with the Client, Loyd Financial will disclose to Clients, in writing, any material conflicts of interest regarding the firm, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice that does not promote "fair, equitable or ethical principles." Any new material conflicts are addressed in the Material Changes section of Item 2 of this Brochure while certain existing specific conflicts of interest are disclosed throughout this Brochure.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the Client on an as-needed basis. Loyd Financial recommends Charles Schwab & Co. (“Charles Schwab”) as the custodian and Buckingham Strategic Partners (BSP) as the provider of a Turnkey Asset Management Program (TAMP).

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## **Tailored Relationships**

The goals and objectives for each Client are documented on the Client Account Profile (CAP) form. Investment Policy Statements are also created that reflect the Client’s stated goals and objectives. While Loyd Financial will allow Clients to impose restrictions on investing in certain securities or types of securities, the ability to impose such restrictions may be limited or disallowed on assets managed by BSP. Advisory Agreements may not be assigned without Clients’ written consent.

An evaluation of each Client's initial situation is provided to the Client. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews may occur but are not necessarily communicated to the Client unless immediate changes are recommended.

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## **Financial Planning Services**

Loyd Financial can provide various investment management and financial planning services to Clients that have BSP portfolios. The Client and Loyd Financial will determine the scope of financial planning to be performed at the outset of the Client engagement.

The financial plan can include but is not limited to the following: net worth statement, cash flow statement or budget, review of investment accounts (including reviewing asset allocation and providing repositioning recommendations), strategic tax planning, review of retirement accounts and plans including recommendations, review of insurance policies and recommendations for changes (if necessary), a retirement and/or education analysis and estate planning review and recommendations.

While financial plans are created for clients with BSP portfolios at no additional cost, Clients should be aware that a conflict exists between the interests of Loyd Financial and the interests of the Client because there is an incentive to have Loyd Financial also implement the plan. Nevertheless, the Client always has the right to decide whether to act upon Loyd Financial’s recommendation(s) and to affect the transactions through Loyd Financial.

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## Asset Management Services

Most Clients choose Loyd Financial to manage their assets to obtain ongoing in-depth financial advice and life planning. All aspects of the Client's financial affairs are reviewed and considered when developing an investment plan. Realistic and measurable goals are set and objectives to reach those goals are defined. Most Client assets are managed by BSP, while some are managed directly by Loyd Financial (Legacy Asset Management).

### *Turnkey Asset Management Program Accounts*

Loyd Financial retains BSP, a Turnkey Asset Management Program (TAMP) provider who also acts as an independent third-party account administrator performing certain services such as account administration, portfolio allocation analysis and non-discretionary implementation, trade processing, marketing assistance, back-office fulfillment, report and statement production, and billing services. BSP also provides account processing, support services, and proprietary investment software designed to help advisors assess their Client's financial condition, goals, risk tolerance, income, liquidity requirements and investment time horizon. BSP provides advisors the tools to develop recommendations, classify the assets and determine the allocation to those classes. Services are paid for directly through advisory fees billed to the Client or are indirectly paid by Loyd Financial. BSP is an investment adviser registered with the Securities and Exchange Commission. BSP does not have investment discretion over the Client assets.

Loyd Financial's asset management business is primarily offered through BSP, a Turnkey Asset Management Program (TAMP) provider. Accordingly, Loyd Financial recommends, where appropriate, that the Client invest in shares of the SA Funds, Investment Trust (SA Funds) a family of ten asset class mutual funds that are advised, managed, and administered by BSP and sub-advised by Dimensional Fund Advisors (DFA) or mutual funds and exchange traded funds (ETFs) offered through BSP on the Non-SA platform that are directly advised by DFA, Vanguard Mutual Funds (Vanguard), Bridgeway Mutual Funds (Bridgeway), iShares Exchange Traded Funds (iShares), as well as other money managers (Non-SA Funds) as determined by BSP.

The SA Fund and Non-SA Fund mutual funds and ETFs are incorporated into various asset-class diversified model portfolios which are designed, managed, and rebalanced by BSP. Loyd Financial will monitor and supervise the implementation and continuing portfolio management by BSP.

Loyd Financial is compensated by advisory fees ranging between .30% and 1.10% deducted quarterly from the Client's account by the custodian and paid to BSP who in turn pays Loyd Financial their stated advisory fee. You must consent in writing to have advisory fees debited directly from your investment account. BSP does not charge fees directly on investments into the SA Funds because BSP receives certain fees and expenses directly from the SA Funds, as disclosed in each SA Fund's prospectus. A copy of BSP's management fee schedule, for SA Funds and or Non-SA Funds, is provided within the respective fund prospectus or on BSP's website.

Loyd Financial will make their initial recommendation of the appropriate model portfolio based on the Client's risk tolerance and Client profile. On an ongoing basis, Loyd Financial will review the model portfolio selection and will make recommendations to modify the portfolio based on the Client's changing circumstances. The Client has the right to accept or reject either the initial or subsequent recommendations that Loyd Financial makes.

### ***Legacy Asset Management***

Loyd Financial will also manage and provide advice pertaining to "Legacy Asset Management," which are assets that are not invested in SA Funds or Non-SA Funds and classified as "unsupervised" assets. This service is provided to only those Clients that also have assets invested and managed by BSP in a model portfolio or portfolios on the BSP platform. The Client will be responsible for all management expenses and fees related to all "unsupervised" assets as well as trading fees charged by the custodian for the purchase or sale of such assets. Please see a copy of the current prospectus of any "unsupervised" asset. This service will be provided at no additional cost as a value-added service. In addition, Loyd Financial will manage and provide advice pertaining to miscellaneous investments, such as, Variable Annuities and 529 College Savings Funds in no-load, commission-free accounts at no additional cost to Clients.

Though Loyd Financial provides investment advice and recommendations, the final decision with respect to investment selection is borne solely by its Clients. Loyd Financial does not act as a custodian of Client assets, nor does it have discretionary authority on Client accounts. Clients always maintain asset control. Loyd Financial does not receive commissions from the sale of investment products but rather charges a fee based on assets under management in connection with giving advice to Clients.

Stocks, bonds, mutual funds, ETFs, and similar securities can be purchased or sold through a brokerage account when appropriate. Brokerage firms typically charge a fee for stock and bond trades. Initial public offerings (IPOs) are not available through Loyd Financial.

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## **Wrap Fees**

The Firm does not participate in wrap fee programs.

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## Assets Under Management

As of December 31, 2023, Loyd Financial managed \$103,500,000 in regulatory assets including clients' legacy assets, 529 college savings accounts and variable annuities. All assets are managed on a non-discretionary basis.

## Item 5 – Fees & Compensation

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### Overview

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into one or more written agreements with the Advisor.

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### Fees for Advisory Services

Loyd Financial bases its advisory fees on a percentage of assets under management over which it has direct or indirect regular and continuous supervision or management, i.e., accounts managed by BSP. Loyd Financial receives a fee for its advice and, therefore, does not receive brokerage commissions. Comparable services may be available from other sources at a lower cost. Neither Loyd Financial nor any of its supervised persons accept compensation for the sale of securities or other investment products.

When BSP is used for Client fund management, no-load mutual funds, and ETFs are generally used. All advisory fees are disclosed to the Client, for third-party portfolio managed accounts, within the BSP Investment Advisory or Relationship Agreement and/or the Statement of Investment Selection Agreement before any investments are made. BSP's management fee schedule for SA Funds and or any Non-SA Funds such as DFA, Vanguard, Bridgeway, iShares, etc., is provided within the respective fund prospectus or on BSP's website.

Legacy Asset Management is provided at no additional cost to those Clients that also have assets invested and managed by BSP in a model portfolio or portfolios on the BSP platform. This service is provided at no additional cost as a value-added service.

The Client always has the right to purchase investment products recommended in a financial plan from another broker dealer or through another registered investment adviser not affiliated with Loyd Financial.



Clients incur other types of fees or expenses in connection with our advisory services—See Item 12 - Brokerage Practices for more information.

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## Fee Billing

### *Investment Management Fees*

Loyd Financial receives its investment management fee, which is charged to and paid by the Client, directly from BSP, the Turnkey Asset Management Program (TAMP) provider. The firm is compensated by advisory fees deducted from Client accounts by Charles Schwab and paid to BSP who in turn pays Loyd Financial its portion of the fee. The Client must consent in writing to have advisory fees debited directly from their investment account.

For SA Funds, Loyd Financial's fee schedule is set forth in BSP's Investment Advisory Agreement and Statement of Investment Selection Agreement. Loyd Financial's portion of the investment management fee will range between .30% and .95% based on services performed and the amount of assets under management. Fee payments are due and will be assessed at the start of each three-month period, based on the value of the Client's portfolio assets (securities, cash, and cash equivalents). Additional deposits or withdrawals of funds and/or securities into or out of the BSP portfolio will be subject to the same fees, prorated based on the number of days remaining in the quarter after your funds are invested into an asset allocation. The expense ratios of the SA Funds – Investor Class Shares, charged by BSP, range from .42% to 1.13% per year.

Clients with aggregate BSP assets under management exceeding \$1,000,000 will be eligible to participate in the Non-SA platform and utilize model portfolios comprised of select mutual funds and ETFs directly managed by DFA, Vanguard, Bridgeway, iShares, and other money managers (Non-SA Funds) as determined by BSP. For the Non-SA platform, Loyd Financial's portion of the investment management fee will range between .45% and 1.10% based on services performed and the amount of assets under management. Loyd Financial will pay a portion of this fee (i.e., .15%) to BSP in exchange for the services it provides. While the mutual funds and ETFs on the Non-SA platform (Non-SA Funds) have reduced expense ratios (ranging from .03% to .49%) they are subject to transaction, trading, and custodial fees where the SA Funds are not. Not all clients with assets under management exceeding \$1,000,000 may want to participate in the Non-SA platform due to the potential for these additional transaction fees and additional tax consequences. Loyd Financial's advisory fees are in addition to any fees charged by the custodian for transaction, trading, or custodial fees.

The full value of the Client's BSP managed funds (SA Funds or Non-SA Funds), on a gross basis, are included when calculating fees. Loyd Financial, in its sole discretion, can charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.) In addition,

employees of Loyd Financial shall not be subject to advisory fees within their BSP investment portfolios, whether utilizing SA Funds or the Non-SA platform (Non-SA Funds).

### ***Financial Planning Fees***

Loyd Financial can provide Clients with various investment management and financial planning services, which are provided at no additional cost when the client also has BSP model portfolios, upon which Loyd Financial receives an advisory fee.

### ***Hourly Financial Planning Fees***

Loyd Financial has the option to provide financial planning services, for an hourly fee, to a Client, who does not have a BSP portfolio, and requests a one-time engagement. The hourly rate for one-time engagements, based on scope of work, will not exceed \$295.00/hour. A written estimate will be provided to the Client with the scope of work to be completed and an estimate of the total hours required to provide the requested services. Fifty percent (50%) of the agreed upon fee is due up front, when the advisory agreement is signed, and the balance is due upon delivery of the financial plan. Hourly financial planning is meant to be a discrete service and not intended to be an ongoing method of engagement. In the event the Client decides to terminate the hourly relationship, prior to the completion of the agreed upon engagement, the total number of hours expended will be calculated and if the 50% upfront payment exceeds the total amount due, the Client will receive a commensurate refund based on the hours of work already completed. The Client will be responsible for paying the additional amount due, based on the total hours of work expended, if the amount exceeds the 50% upfront payment.

### ***Other Fees***

Custodians typically charge transaction and trading fees on purchases or sales of certain mutual funds and other securities. Investments in variable annuity contracts typically involve other fees such as management fees, surrender charges, administration fees, etc. charged by the insurance company that issues the annuity. Clients are encouraged to understand all fees associated with an investment in a variable annuity contract.

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## **Expense Ratios**

Mutual Funds and Exchange Traded Funds (ETFs) charge a management fee for their services as investment managers. This management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid to Loyd Financial.

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## **Termination of Agreement and Refunds**

A Client or Loyd Financial can terminate any of the aforementioned services at any time by notifying the other party in writing. Since Client advisory fees are collected in advance, Loyd Financial will refund unearned fees, due to termination, paid in advance on a pro-rata basis. Specifically, the formula used to calculate termination refunds takes the account value on the last day of the previous quarter, multiplied by the annual fee disclosed in the Client's agreement, divided by 365 (366 in leap years), and multiplied by the number of days unused in the subsequent quarter.

Loyd Financial can terminate any of the aforementioned Agreements at any time by notifying the Client in writing. If the Client made an advance payment, Loyd Financial and/or BSP will issue a refund for any unearned portion of the advance payment within 30 days of the written notice.

Loyd Financial reserves the right to stop work on any account that is more than 30 days delinquent in payment of advisory fees. In addition, Loyd Financial reserves the right to terminate any engagement where a Client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Loyd Financial's judgment, to providing proper financial advice.

## **Item 6 – Performance-Based Fees & Side-By-Side Management**

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### **Sharing of Capital Gains**

Loyd Financial's fees are not based on a share of the capital gains or capital appreciation of managed securities and, therefore, the firm does not engage in side-by-side management.

## **Item 7 – Types of Clients**

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### **Client Accounts**

Loyd Financial generally provides financial planning and investment advice to individuals, high net worth individuals and charitable organizations. Client relationships vary in scope and length of service.

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## Account Minimums

Loyd Financial's minimum account size is \$6,000 per account registration.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

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### Methods of Analysis

Sources of information that Loyd Financial can use include research and white papers from the following: Morningstar, Inc., Charles Schwab, Dimensional Fund Advisors, BSP and others.

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### Investment Strategies

Loyd Financial utilizes investment strategies provided by the Turnkey Asset Management Program (TAMP) provider, BSP, that are based upon target asset-class allocations to reflect Client-supplied information regarding their individual financial circumstances, expressed cash needs, risk tolerance, investment objectives, and other factors. The asset-class allocation programs designate specified percentages within multiple securities asset-classes with the intent of creating a diversified investment portfolio of no-load (no sales commission) mutual funds and or ETFs. The Client will have the opportunity to review, modify, and approve such recommended asset allocation program.

BSP utilizes a proprietary method of asset-class allocation based upon academic and behavioral economic research. BSP's asset-class allocation programs are based upon publicly available research and reports regarding Modern Portfolio Theory, adjusted for certain behavioral economic factors. The asset-class allocations are adjusted for risk (defined as historic market volatility over identified periods of time). BSP's recommendations are designed for longer-term investors. BSP uses financial simulation programs which calculate the effects of various historical rates of return from different asset classes to assist in the preparation of asset allocation plans.

The primary investment strategy used for Client accounts is structured asset allocation. This means that BSP uses passively managed asset-class funds as the core investments. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations with Loyd Financial. The Client can change these objectives at any time.

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## Risk of Loss

All investments are subject to risk. Though Loyd Financial and BSP recommend a diversified portfolio of mutual funds and or ETFs, diversification alone neither assures a profit nor protects against a loss in a declining market. There is no assurance that Loyd Financial or BSP will be successful, and Clients are advised that they are subject to the risks of the securities markets. These risks include general market trends, unintended concentrations in certain markets, sectors and individual issuers, government regulation, and lack of sufficient market liquidity. Fixed income investments are subject to interest rate risks and volatility of market prices. Real estate securities are subject to property value changes, rental income, property taxes, and tax and regulatory changes. Foreign securities and emerging market investments are subject to the same risks as discussed herein and subject to the risks of currency exchange rate changes, political instability, and different methods of accounting and finance reporting. The additional risks associated with small company and value securities may include increased volatility and less liquidity. Past performance does not guarantee future returns.

The risks associated with investment programs are borne by the investor. Loyd Financial's investment approach is designed to constantly keep the risk of loss in mind. Nevertheless, investors face the following investment risks:

- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9 – Disciplinary Information**

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### **Legal and Disciplinary**

Neither Loyd Financial nor its employees have been involved in any legal or disciplinary events, criminal or civil actions, administrative actions by the SEC or other regulator, or proceedings by a self-regulatory authority.

## **Item 10 - Other Financial Industry Activities & Affiliations**

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### **Financial Industry Activities**

None of Loyd Financial's employees are registered, or have an application pending to register, as a broker dealer or a registered representative of a broker-dealer. In addition, neither the firm nor any of its 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.

#### ***Referrals to Third-Party Investment Adviser Firm***

As previously disclosed in Items 4 and 5 of this Brochure, we recommend BSP to our Clients. Our representatives have a conflict of interest by only recommending BSP because BSP has agreed to pay us a portion of the advisory fee they charge to our Client accounts. If you select BSP to manage all or a portion of your assets, BSP will pay us a portion of the fees you are charged. There are other Turnkey Asset Management Program (TAMP) providers that may be suitable to you and that can be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Loyd Financial has conducted due diligence to confirm BSP is properly licensed/registered as an investment adviser.

Refer to Item 14 for more information.

Mr. Loyd is also a licensed attorney in the State of Colorado although he does not actively practice law.

## **Item 11 – Code of Ethics, Participation, or Interest in Client Transactions & Personal Trading**

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### **Code of Ethics**

Loyd Financial has adopted a Code of Ethics for all supervised persons that describes its standard of business conduct and fiduciary duty to Clients. All supervised persons at Loyd Financial receive a copy of the Code of Ethics at the time of hiring and must acknowledge the terms of the Code of Ethics annually or more frequently if amended. Subject to satisfying the Code of Ethics and applicable laws, supervised persons of Loyd Financial and its affiliates trade for their own accounts in securities that are recommended to and/or purchased for Loyd Financial's Clients.

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### **Personal Securities Transactions**

The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the supervised persons of Loyd Financial will not interfere with making decisions in the best interest of Clients or allowing employees to invest for their own accounts. Under the Code of Ethics, certain transactions have been designated as exempt transactions, based upon a determination that such transactions would not materially interfere with the best interests of Clients.

Supervised personal trading is monitored for compliance with the Code of Ethics, and to reasonably prevent conflicts of interest between Loyd Financial and its Clients. Loyd Financial anticipates that it will generally recommend the purchase or sale of securities to current or prospective Clients in which Loyd Financial or its affiliates and/or other Clients, directly or indirectly, have a position or interest. It is the policy of Loyd Financial that its supervised persons shall always place the interests of Clients first. All personal securities transactions of such persons shall be conducted in a manner as to avoid any actual or conflicts of interest or any abuse of a position of trust and responsibility or operate as a deceit.

The employees of Loyd Financial have committed to this Code of Ethics, which is available in full for review by Clients and prospective Clients upon request.

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### **Participation or Interest in Client Transactions**

Loyd Financial and its employees can buy or sell securities that are also held by Clients. Employees may not trade their own securities ahead of Client trades. Neither Loyd Financial nor any of its related persons recommend to Clients to buy or sell for Clients' accounts, investments in which the adviser or related persons has a material financial interest.

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## Retirement Accounts and IRAs

When we provide investment advice to you regarding your retirement plan account or individual retirement account (IRA), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

\* It should be noted that the fiduciary duties enumerated above do not differ from those we observe in all our advisory activities.

## Item 12 – Brokerage Practices

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### Selecting Brokerage Firms

For clients that wish to establish a managed account through BSP or through Loyd Financial, Charles Schwab & Company, Inc. (Charles Schwab) will be used. Therefore, you will need to establish an institutional brokerage account with Charles Schwab. Charles Schwab is a SEC registered broker-dealer and a FINRA member as well as a member of SIPC. Charles Schwab provides independent advisors such as Loyd Financial, services which include the custody of securities, trade execution, clearance, and settlement of securities transactions. Loyd Financial and Charles Schwab are not affiliated companies.

Please note that not all investment advisors require the use of a specific broker/dealer. Some investment advisors allow clients to select the broker/dealer. However, for compliance and operational efficiency purposes, we have decided to require all clients open accounts through Charles Schwab,

Our decision to utilize Charles Schwab is derived significantly because BSP recommends Charles Schwab as a primary broker/dealer and qualified custodian. Moreover, we conduct our own



reviews of alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations. No single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

The decision to require Charles Schwab is based on the firm's participation in Schwab Institutional. Loyd Financial is independently owned and operated and not affiliated with Charles Schwab. Through the Schwab Institutional platform, Loyd Financial is provided with access to Charles Schwab's institutional trading and custody services, which are typically not available to Charles 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 firm clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon Loyd Financial committing to Charles Schwab any specific amount of business (assets in custody or trading). Charles 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 Loyd Financial's clients' accounts maintained in its custody, Charles Schwab 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 Charles Schwab or that settle into Charles Schwab accounts.

Charles Schwab also makes available to Loyd Financial other products and services that benefit Loyd Financial but may not benefit its clients' accounts. Some of these other products and services assist Loyd Financial in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; 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 Loyd Financial accounts. Schwab Institutional also makes available to Loyd Financial other services intended to help Loyd Financial manage and further develop its business enterprise. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Charles Schwab makes available, arrange and/or pay for these types of services rendered to Loyd Financial by independent third-party service providers. While as a fiduciary, Loyd Financial endeavors to act in its clients' best interests, and while the recommendation that clients maintain their assets in accounts at Charles Schwab is based in part on the benefit to Loyd Financial of the availability of some of the foregoing products and services; nevertheless, these products and services by facilitating the firm's workload are also effectively benefiting advisor's clients as well.

Loyd Financial *does not* receive fees or commissions from any of these arrangements other than those previously described herein.

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## **Best Execution**

Loyd Financial's overriding objective in effecting transactions for Client accounts is to seek the best combination of price and execution. The best net price is an important factor, but Loyd Financial also considers the full range and quality of a broker's services, including the value of research provided, execution, clearance and settlement capabilities, commission rates, financial responsibility, and responsiveness. Loyd Financial's Clients primarily use Charles Schwab for their custodian and broker. The firm has determined that having Charles Schwab execute trades is consistent with its duty to seek "best execution" of Client transactions. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed herein. Charles Schwab's execution procedures are designed to make every attempt to obtain the best execution possible, although there can be no assurance that it can be obtained.

Clients should consider whether or not the appointment of Charles Schwab as the custodian may or may not result in certain costs or disadvantages to the Client as a possible result of less favorable executions.

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## **Soft Dollars**

Charles Schwab makes available various support services that may not be available to retail customers. Some of those services help them manage or administer their Clients' accounts, while others help them manage and grow their business. These support services are generally available on an unsolicited basis (they do not have to request them) and at no charge to them.

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

The availability of these services from Charles Schwab benefits Loyd Financial as Loyd Financial does not have to produce or purchase them independently. In addition, Loyd Financial does not have to pay Charles Schwab for these services. This presents a conflict of interest in that they may have an incentive to recommend that the Client maintain their account with Charles Schwab, based on their interest in receiving these services that benefit their business rather than based on Client interests, i.e., in receiving the best value in custody services and the most favorable execution of Client transactions. After much due diligence, however, they believe that their selection of Charles Schwab as custodian and broker and BSP as a Turnkey Asset Management Program (TAMP) provider is in the best interests of their Clients. Loyd Financial's selection is based on the scope, quality, price, and overall value of services to their Clients rather than on those services that benefit only Loyd Financial.

### ***Brokerage for Client Referrals***

Loyd Financial does not recommend a broker-dealer based on an interest in receiving Client referrals. Neither Loyd Financial nor any of its advisory representatives participates in a program that sends referrals to Loyd Financial in exchange for brokerage transactions.

There is no procedure that Loyd Financial follows to direct trades to brokers in return for referrals due to the information contained herein.

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## **Aggregation of Transactions**

Loyd Financial does not aggregate the purchase or sale of securities among Client accounts. As a result, transactions in Client accounts will or may differ, i.e., receive different price for the same security. However, the firm's policy prohibits its advisory representatives from exercising their favoritism of one client over another client in order entry.

## **Item 13 – Review of Accounts**

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### **Periodic Reviews**

Account reviews of securities and fund performance are performed at least weekly by Loyd Financial's Chief Compliance Officer ("CCO"). Positions in Client accounts are reviewed at least quarterly or more frequently when market conditions dictate. In addition, Loyd Financial will meet with Clients in person or via Zoom or by telephone no less than annually to update and assess the Client's personal situation and investment objectives. Since accounts are all fee-based, Loyd Financial will regularly review accounts to ensure that a fee-based model and investment strategies are appropriate. Similarly, reviews provided by Loyd Financial regarding its financial planning services will also be conducted at least annually by the firm's CCO.

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### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a Client's situation.

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### **Regular Reports**

Clients receive periodic communications on at least an annual basis. Clients also receive written quarterly reports from BSP and monthly statements from Charles Schwab. The written updates include detail of fees charged, a portfolio statement and performance reports. Clients are encouraged to compare information on statements from the custodian with reports provided by BSP. Loyd Financial provides Clients with a net worth statement within its financial plans.

## Item 14 – Client Referrals and Other Compensation

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### Incoming Referrals

Loyd Financial does not compensate anyone for client referrals.

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### Non-Cash Compensation

Loyd Financial receives non-cash compensation in connection with attendance at educational events, such as those provided by BSP, Dimensional Fund Advisors, Charles Schwab, or other fund management companies. Said non-cash compensation shall include reimbursement for attendance expenses associated with such educational seminars and may be paid or reimbursed, either in whole or in part by BPS for travel, lodging and meal expenses and/or in the form of entertainment, merchandise, and other benefits. BSP may sponsor educational seminars for the benefit of Loyd Financial and its Clients. Such educational seminars provide Loyd Financial with access to information and ideas regarding practice development, client servicing, investment strategy, relationship management and financial planning.

BSP may also assist in the cost and/or reimbursement of client appreciation events provided and sponsored by Loyd Financial. Clients should be aware of a conflict of interest associated with the receipt of this compensation since such payments and benefits may provide Loyd Financial with an incentive to recommend certain products and services based on the non-cash compensation received, rather than on the Client's needs. However, this conflict is mitigated by Loyd Financial's commitment to always require its advisory representatives to make recommendations and to act in the best interest of its Clients.

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### Soft Dollars

BSP makes various support services available to Loyd Financial. Some of those services help them manage or administer their Clients' accounts, while others help them manage and grow their business. These support services are generally available on an unsolicited basis (they do not have to request them) and at no charge to them.

#### *Services That Benefit Clients*

BSP provides Clients with access to their proprietary no-load mutual fund portfolios. BSP offers Loyd Financial, and its customers periodic portfolio rebalancing designed to keep portfolios consistent with the Client's desired asset allocation target amounts within BSP's usual and customary target parameters. Services described in this paragraph generally benefit the Client and their investment accounts.

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

BSP provides Loyd Financial with certain services that may not directly benefit the Client or their accounts including but not limited to quarterly reporting, fee reporting and debiting, transaction data processing, and proposed portfolio construction as part of its portfolio management services. These products and services assist Loyd Financial in managing and administering Client accounts, such as software and technology that:

- Assist with back-office functions, recordkeeping, and Client reporting for Client accounts.
- Provide access to Client account data (such as duplicate trade confirmations and account statements).
- Provide pricing and other market data.
- Assist with back-office functions, recordkeeping, and Client reporting.

### ***Services That Generally Benefit Only Loyd Financial***

By using the services of BSP, Loyd Financial is offered other services intended to help Loyd Financial manage and further develop its business. These services include:

- Educational conferences and events.
- Consulting on technology, compliance, legal, and business needs.
- Publications and conferences on practice management and business succession.
- Assistance with the cost and/or reimbursement of client appreciation events.

## **Item 15: Custody**

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### **Account Statements**

Loyd Financial has established procedures to ensure all Client funds and securities managed through the programs described within this brochure are held with Charles Schwab, as qualified custodian, in a separate account for each client under that Client's name. Clients or an independent representative of the Client will direct, in writing, the establishment of all accounts and therefore are aware of the Charles Schwab's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from Charles Schwab to each Client, or the Client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Loyd Financial and/or BSP. When Clients have questions about their account statements, they should contact Loyd Financial or Charles Schwab.

## **Item 16 – Investment Discretion**

Loyd Financial has non-discretionary authority in the administration of your investment account. We are only authorized to implement the strategy, investments and allocations described in your Investment Policy Statement and approved by you. Anything else would require your prior written or oral approval.

## **Item 17 – Voting Client Securities**

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### **Proxy Votes**

Loyd Financial does not vote proxies on securities. Clients are expected to vote their own proxies. Clients will receive their proxies or other solicitations directly from the custodian or BSP. However, Clients can contact Loyd Financial with questions about a particular solicitation via email, telephone or in person.

## **Item 18 – Financial Information**

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### **Financial Condition**

Loyd Financial does not have any financial impairment that will preclude the firm from meeting contractual commitments to Clients. Furthermore, the firm has not been the subject of a bankruptcy petition at any time during the past ten years.

A balance sheet is not required to be provided by Loyd Financial as it does not require prepayment of fees of more than \$1200 per Client and six months or more in advance.

# Business Continuity Plan

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## General

Loyd Financial Management, Inc has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services, or key people.

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## Disasters

The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications line outage, internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

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## Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all Clients within five days of a disaster that dictates moving our office to an alternate location.

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## Loss of Key Personnel

Loyd Financial's Business Continuity Plan addresses how its business will continue uninterrupted in the event of Donald Loyd's serious disability or death.