



LOYD FINANCIAL  
MANAGEMENT, INC.

## Item 1 – Cover Page

# Form ADV Part 2A – Firm Brochure

January 2018

# 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 Update**

This is the firm's first Form ADV filing; therefore, there are no material changes to be reported.

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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).

## Item 3 – Table of Contents

### Table of Contents

<b>Item 1 – Cover Page .....</b>	<b>1</b>
<b>Item 2 – Material Changes .....</b>	<b>2</b>
<b>Item 3 – Table of Contents.....</b>	<b>3</b>
<b>Item 4 – Advisory Business.....</b>	<b>4</b>
<b>Item 5 – Fees &amp; Compensation.....</b>	<b>8</b>
<b>Item 6 – Performance-Based Fees &amp; Side-By-Side Management.....</b>	<b>10</b>
<b>Item 7 – Types of Clients .....</b>	<b>11</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>11</b>
<b>Item 9 – Disciplinary Information.....</b>	<b>14</b>
<b>Item 10 - Other Financial Industry Activities &amp; Affiliations.....</b>	<b>14</b>
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions &amp; Personal Trading .....</b>	<b>15</b>
<b>Item 12 – Brokerage Practices.....</b>	<b>16</b>
<b>Item 13 – Review of Accounts .....</b>	<b>19</b>
<b>Item 14 – Client Referrals and Other Compensation .....</b>	<b>20</b>
<b>Item 15: Custody.....</b>	<b>21</b>
<b>Item 16 – Investment Discretion .....</b>	<b>21</b>
<b>Item 17 – Voting Client Securities .....</b>	<b>21</b>
<b>Item 18 – Financial Information .....</b>	<b>21</b>
<b>Item 19 - Requirements for State Registered Advisers .....</b>	<b>22</b>
<b>Item 20 - Business Continuity Plan.....</b>	<b>22</b>

## 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-based investment management to individuals, including high net worth individuals and charitable organizations. Advice is provided through consultation with the Client and may include: 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 material new 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 Loring Ward as the third-party portfolio manager.

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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 may 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 Loring Ward. 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 may provide various investment management and financial planning services to Clients that have Loring Ward Model 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 may 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 investment Clients 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 effect 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 a third-party portfolio manager (Third-Party Portfolio Managed Accounts) while some are managed directly by Loyd Financial (Legacy Asset Management).

### ***Third-Party Portfolio Managed Accounts***

Loyd Financial's asset management business is primarily offered through a third-party portfolio manager, LWI Financial, Inc. ("Loring Ward"). Loring Ward's Platform 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. It provides advisors the tools to develop recommendations, classify the assets and determine the allocation to those classes.

Accordingly, Loyd Financial recommends institutional share class mutual funds from the following investment company: SA Funds - Investment Trust ("SA Funds"). These mutual funds are incorporated into various asset-class diversified model portfolios which are designed, managed and rebalanced by Loring Ward. Loyd Financial will monitor and supervise the implementation and continuing portfolio management by Loring Ward. Loyd Financial is compensated by advisory fees ranging between .30% and .95% deducted from the Client's account by the custodian and paid to Loring Ward 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. A copy of Loring Ward's fee schedule is available at <https://loringward.com/sa-funds-prospectuses/>. 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 and classified as "non-discretionary assets." This service is provided to only those Clients that also have assets invested and managed by Loring Ward in a model portfolio or portfolios on the Loring Ward Platform. 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, exchange traded 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 January 31, 2018, the Firm had no assets under management.

## Item 5 – Fees & Compensation

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### Overview

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., in Third-Party Portfolio Managed Accounts. 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 or any of its supervised persons accept compensation for the sale of securities or other investment products.

When a third-party portfolio manager is used for Client fund management, no-load funds are generally used. All advisory fees are disclosed to the Client, for third-party portfolio managed accounts, within the Loring Ward Structured Investment Agreement before any investments are made. Loring Ward's Fee Schedule is available at <https://loringward.com/sa-funds-prospectuses/>.

Legacy Asset Management is provided at no additional cost to those Clients that also have assets invested and managed by Loring Ward in a model portfolio or portfolios on the Loring Ward 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 may 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 the third-party portfolio manager. The firm is compensated by advisory fees deducted from Client accounts by Charles Schwab and paid to Loring Ward

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.

Loyd Financial's fee schedule is set forth in Loring Ward's Structured Investing Portfolio Services Account 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 Loring Ward 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 full value of the Client's SA Funds, on a gross basis, are included when calculating fees.

Loyd Financial, in its sole discretion, may 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.)

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

Loyd Financial may provide Clients with various investment management and financial planning services, which are provided at no additional cost when the Client also has Loring Ward Model Portfolios, upon which Loyd Financial receives an advisory fee.

### ***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 generally 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 may 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 may 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 Loring Ward 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 financial planning 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 does not have a minimum account size.

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

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### **Methods of Analysis**

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

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## Investment Strategies

Loyd Financial utilizes investment strategies provided by the third-party portfolio manager, Loring Ward, 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) or low-load mutual funds. The Client will have the opportunity to review, modify, and approve such recommended asset allocation program.

Loring Ward utilizes a proprietary method of asset-class allocation based upon academic and behavioral economic research. Loring Ward'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). Loring Ward recommendations are designed for longer-term investors. Loring Ward 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 Loring Ward 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 may change these objectives at any time.

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## Risk of Loss

All investments are subject to risk. Though Loyd Financial and Loring Ward recommend a diversified portfolio of mutual funds, diversification alone neither assures a profit nor protects against a loss in a declining market. There is no assurance that Loyd Financial or its third-party asset manager 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 the firm 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.

Loyd Financial does not have any related parties and consequently, does not have a relationship with any related parties.

Loyd Financial does not receive compensation from any outside source and therefore, does not have any conflicts of interest with any outside party.

Regarding the firm's relationship described earlier in this Brochure with the third-party portfolio manager, Loring Ward, Loyd Financial has conducted due diligence to ascertain that the adviser is properly licensed/registered as an investment adviser.

Mr. Loyd is also a licensed attorney in 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 may 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 may 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.

## **Item 12 – Brokerage Practices**

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### **Selecting Brokerage Firms**

While Loyd Financial may recommend the use of a particular custodian or broker dealer, Loyd Financial does not have discretionary authority to determine the broker-dealer to be used for a purchase or sale of securities for a Client's account. Clients are advised that similar services may be available from other custodians or broker dealers at a lower cost.

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**

Loring Ward and/or Charles Schwab make 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 don't have to request them) and at no charge to them.

### ***Services That Benefit Clients***

Loring Ward provides Clients with access to their proprietary no-load mutual fund portfolios. Loring Ward offers Loyd Financial and its customers periodic portfolio rebalancing designed to keep portfolios consistent with the Client's desired asset allocation target amounts within Loring Ward's usual and customary target parameters. Charles Schwab provides Clients with access to a range of investment products, execution of securities transactions, and custody of Client assets; services described in this paragraph generally benefit the Client and their account.

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

Loring Ward provides Loyd Financial with certain services that may not directly benefit the Client or their account 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. Charles Schwab also makes other products and services available to Loyd Financial that benefits Loyd Financial but may not directly benefit the Client or their account. 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 Loring Ward and/or Charles Schwab, 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.

### ***Interest in Loring Ward's and/or 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 doesn't 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 or to utilize Loring Ward's portfolio models, 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 Loring Ward as a third-party portfolio manager 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 IARs 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 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 Loring Ward 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 Loring Ward. 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 has been fortunate to receive many Client referrals over the years. The referrals have come from current Clients, estate planning attorneys, accountants, and other centers of influence. Loyd Financial does not compensate any person or entity for referrals.

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### **Referrals Out**

Loyd Financial does not accept referral fees or any form of remuneration from other professionals for Client referrals.

As Loring Ward is the primary third-party portfolio manager and Charles Schwab is the primary custodian, a conflict of interest exists because another third-party portfolio manager may offer the same services for a lower fee. In order to minimize this conflict, Loyd Financial has conducted due diligence to ensure its selection is in the best interest of its Clients.

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### **Non-Cash Compensation**

Loyd Financial also receives non-cash compensation in connection with attendance to educational events, such as those provided by Loring Ward, Charles Schwab or other fund management companies, such as reimbursement for travel, lodging and meal expenses and/or in the form of entertainment, merchandise and other benefits. 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 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 representatives to make recommendations to and act in the best interest of its Clients.

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### **Soft Dollars**

Please refer to Item 12 for information regarding our receipt of soft dollars.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at qualified custodians, which mean the custodians provide account statements directly to Clients at their address of record at least quarterly. Loyd Financial has custody but only on the basis that its advisory fees are deducted directly from its Clients' accounts by Charles Schwab and paid to Loring Ward, who in turn pays Loyd Financial its portion of the fee. Clients will receive quarterly invoices from Loring Ward. Clients are strongly encouraged to carefully review all statements, reports and invoices for accuracy.

## **Item 16 – Investment Discretion**

Loyd Financial does not have authority to exercise discretion with any Client accounts. In the administration of Client accounts, Loring Ward has discretion based on a limited power of attorney, limited to executing trades on a non-discretionary basis in accordance with written instructions provided by Client.

## **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 the third-party adviser. However, Clients may 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 \$500 per Client and six months or more in advance.

## **Item 19 - Requirements for State Registered Advisers**

Information regarding Loyd Financial's principal executive officers and management team is provided in Part 2B. Other Business activities conducted by Loyd Financial and its representatives can also be found in Part 2B. The Firm does not charge performance-based fees—Please see Item 10 (Performance Based Fees) of this Brochure for more information. The firm has no legal or regulatory disclosures to report. Loyd Financial does not have any relationships with issuers of securities.

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

## **Item 20 - 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 snow storms, 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, T-1 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 Don Loyd's serious disability or death.