

PENROD FINANCIAL GROUP

574 State Highway 248, Suite 5
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Penrod Financial Services, Inc dba Penrod Financial Group
CRD#: 22785/SEC#: 8-40088
<https://penrodfinancialgroup.com/>

CLIENT RELATIONSHIP SUMMARY (CRS) FORM ADV PART 3

INTRODUCTION

Penrod Financial Services, Inc dba Penrod Financial Group (“Penrod” the “Company” or “Firm”) is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). Penrod is not an Investment Adviser and does not provide investment advice. We offer brokerage services to retail investors. You can find more information about Penrod and its representatives at <https://brokercheck.finra.org>. Importantly, brokerage and investment advisory services and fees differ, and it is important for the retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

What is the difference between a Broker (like Penrod) and an Adviser, and how do fees differ?

An **investment adviser** is generally any entity that provides investment advice or conducts securities analysis in exchange for a fee, typically based on the portfolio’s total value. In contrast, a **broker-dealer** is a firm that acts as an intermediary between buyers and sellers of securities for which they will usually receive a commission, which is paid per transaction.

RELATIONSHIPS AND SERVICES

What investment services and advice can you provide me?

- The Company has a limited and restricted business model and conducts business primarily in mutual fund securities. Penrod also effects accommodation transfers (trades). The Company only accepts unsolicited orders of securities. As a provider of such services and pursuant to Rule 15c3-3(k)(2)(ii), the Company serves as an introducing broker, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rule 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer. We act as your broker in connection with any transaction we execute for your account, and not as your investment adviser or fiduciary. We may also make recommendations to you regarding transactions, strategies and account types. When making such recommendations, we consider your stated investment objectives and are required by Regulation Best Interest to act in your best interest. If you require ongoing monitoring of your individual investments, you should discuss an advisory relationship with an investment adviser. We generally make the following securities available to you: U.S. equity and fixed income securities, mutual funds, variable annuities, and other securities on request. Penrod does not issue, sponsor, or manage proprietary products.
- Penrod operates under the SEC Rule 15c3(k)(2)(ii) exemption. Penrod (1) does not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, in compliance with paragraph (a) or (b)(2) of SEC Rule 15c2-4; (2) does not carry accounts of or for customers; and (3) does not carry PAB accounts (as defined in Rule 15c3-3).

Conversation Starters:

Questions you may wish to ask our registered representatives.

“Given my financial situation, should I choose a brokerage service? Why or why not?”

“How will you choose investments to recommend to me?”

“What is your relevant experience, including your licenses, education and other qualifications?”

“What do these qualifications mean?”

FEES, COSTS, CONFLICTS, AND STANDARDS OF CONDUCT

What fees will I pay?

The costs retail clients will incur for brokerage services are transaction-based charges when buying or selling securities, which are generally assessed on a transaction-by-transaction basis. These generally include commissions, commission equivalents, mark-ups, mark-downs, spreads, and sales charges. You may also incur fees and charges for custodial or administrative services, as well as fees and expenses embedded within mutual fund and exchange traded fund products. For stocks or ETFs, the transaction-based fee is usually charged as a separate commission. Bonds, this fee is typically included as part of the price you pay for the investment (called a mark-up or markdown). For mutual funds and annuities, we receive transaction-based fees from the investment product sponsor in the form of asset-based sales charges (called sales loads). Additional costs would include, for example, both costs associated with the purchase of the security, as well as any costs that may apply to the future sale or exchange of the security, such as deferred sales charges or liquidation costs. Fees are based on the amount invested in the product and, depending on the product, may be based on how long you hold the investment. With asset-based sales loads, we have an incentive to recommend products or sponsors that include sales charges. You could also pay charges imposed by the custodian holding your accounts for certain investments and maintaining your account. Some

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investments, such as mutual funds charge additional fees that will reduce the value of your investments over time. In general, if a mutual fund offers breakpoint discounts, the breakpoint schedule will be listed in the fund's prospectus and statement of additional information. To access and download a mutual fund prospectus, go to the Securities and Exchange Commission's EDGAR Database on the SEC website. Mutual fund prospectuses and statements of additional information also may be available online at a fund company's website. Penrod will discuss the availability of breakpoint discounts with you prior to purchasing mutual fund shares. In addition, we will ensure that you receive the discounts to which you are entitled under a specific mutual fund's Right of Accumulation ("ROA"). It is important that you understand the specific funds' ROA rules and gather information concerning your own holdings and the holdings of the appropriate related parties. To find information regarding ROA rules for each mutual fund you are invested, we encourage you to review the fund's prospectus and statement of additional information or consult with your representative. For additional information about the costs for brokerage services, please see applicable account agreements and transaction-related documents, including a prospectus or transaction confirmation, which will be provided prior to purchasing mutual fund shares, or speak with a representative.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Conversation Starters:

Questions you may wish to ask our registered representatives.

Help me understand how these fees and costs might affect my investments.

"If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?"

Conflicts of Interest

What is your legal obligation to me when providing recommendations as my broker-dealer?

How else does the firm make money and what conflicts of interest do you have?

Our obligation is to put your interests above our own and to disclose any issue that would create a conflict of interest. At the time of each opportunity, Penrod mitigates or discloses any issues that may be deemed conflicts if not already covered in this document. ***When we provide you with a recommendation as your broker-dealer,*** we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. The collection of a commission or fee, for example, may be deemed a "conflict of interest" in some circumstances such as third-party payments. For example, Penrod receives compensation from third parties for sales of certain third-party managed alternative investment funds. Penrod receives compensation and other benefits, including volume discounts, for trading on certain venues. These arrangements create an incentive for us to recommend or select these products for you over others that do not result in the receipt by Penrod of these amounts. Penrod does not issue, sponsor, or manage proprietary products.

Conversation Starters:

How might your conflicts of interest affect me, and how will you address them?

These are only examples of our conflicts of interest. For additional information about our conflicts of interest when providing brokerage services, please speak with your representative.

How do your financial professionals make money?

Our primary revenue source is brokerage transactions. Therefore, an incentive is created to encourage you to transfer assets to Penrod. This may include a recommendation to rollover your retirement plan. In addition, we have a revenue sharing agreement with Penrod Agency, Inc. dba Penrod Financial Group, which is a licensed insurance agency. Therefore, we have an incentive to encourage insurance products and services. You should understand and ask us about these conflicts because they can affect the recommendations, we provide you.

DISCIPLINARY HISTORY

Do you or your financial professional have any legal or disciplinary history?

Yes. Visit www.investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

Conversation Starters:

As a financial professional, do you have any disciplinary history? For what type of conduct?

For additional information about our brokerage services, please see your applicable account agreement and transaction disclosures, or speak with your representative. If you would like additional, up-to-date information or a copy of this disclosure, please call 417-334-3455.

ADDITIONAL INFORMATION

For additional information, you can reach us by phone at 417-334-3455 to request up-to-date information and a copy of this relationship summary. Also, you can visit our website at <https://penrodfinancialgroup.com/>

Conversation Starters:

"Who is my primary contact person?" "Is he or she a representative of an investment-adviser or a broker-dealer?"

Who can I talk to if I have concerns about how this person is treating me?