

SEC Form ADV Part 2A

LIBERTY FINANCIAL GROUP INC

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This brochure provides information about the qualification and business practices of LIBERTY FINANCIAL GROUP INC. If you have any questions about the contents of this brochure, please contact LIBERTY FINANCIAL GROUP INC. at 262-785-1377. 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 LIBERTY FINANCIAL GROUP INC (CRD No. 111272) is also available on the Internet at www.advisorinfo.sec.gov. Registration does not imply a certain level of skill or training

Item 2 - Material Changes since last annual update filed March 2023

Liberty Financial Group, Inc was approved for registration with The Securities and Exchange Commission in March 2023.

The firm does not have any material changes to report since the last annual update filed on March 31, 2023.

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Item 4 - Advisory Business

Liberty Financial Group, Inc. (“Liberty”) is a Wisconsin corporation located in Elm Grove, Wisconsin. The firm provides Investment Management, Consultation and Financial Planning Services to individuals, trusts, estates, charitable organizations and corporations.

The principal owner since January 20, 2021 is Shannon Nook.

Investment Management and Financial Planning Services.

We provide financial planning and ongoing investment management services for our advisory clients for a fee calculated as a percentage of the investment assets under management or a pre-set dollar amount. Those services include but are not limited to:

- Cash flow management
- Employee benefit options
- College funding planning
- Risk management and contingency plan reviews
- Estate planning
- Financial analysis of assisted living arrangements and other long-term care needs
- Retirement planning
- Tax planning
- A review of your present investment direction;
- Development of an investment policy statement;
- Implementation and monitoring to include regular internal portfolio reviews;
- Quarterly performance reporting;
- Annual tax loss review;
- Annual realized gains and loss reporting;
- Periodic assessment of your volatility tolerance, liquidity needs and time horizons;
- Client meetings offered at least annually in person or by phone; and
- Ongoing availability and accessibility as needs arise.

Investment management services are provided on a discretionary and non-discretionary basis. When granted discretion by the client, it means that Liberty Representatives has the authority to purchase and sell securities of their choice in the amounts and at the times they believe it is suitable for a client's account to do so.

Services provided to you vary, depending on the nature of your client Agreement and the services you determine you desire at the time of Agreement.

We review your portfolio assets on a periodic basis, depending on the types of investments and market conditions, or at your specific request.

We strongly encourage clients to maintain contact with us, and we request that client reviews occur no less than annually.

General Information.

You have the ability to leave standing instructions with us to refrain from investing in particular companies, to invest in limited amounts of securities, and to request third-party checks on your behalf (sent from the custodian and only mailed directly to you). All clients will have a direct and beneficial interest in their securities, rather than an undivided interest in a pool of securities. We do not have custody of client funds or securities. A third-party firm provides execution and custodial services.

Mutual Funds and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Therefore, a client or prospective client can obtain many of the funds that may be utilized by Liberty independent of engaging Liberty as an investment advisor. If a client or prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services.

We do not assure or guarantee the results of our investment advisory services, thus losses can occur from following Liberty's advice pertaining to any investment or investment approach, including using conservative investment strategies.

We do not participate in wrap fee programs. Liberty provides tax preparation services to existing clients and on an hourly basis to clients that have engaged us on a consulting basis.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, 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 interests ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations;
- Never put our financial interests ahead of yours when making recommendations;
- 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.

For more information about our conflicts of interest, please review items 5, 10, 11 and 14 or reach out to us using the contact information on the cover page of this brochure.

As of December 31, 2023 Liberty has assets of \$113,459,578 under discretionary management and \$521,668 under non-discretionary management.

Item 5 - Fees and Compensation

Investment Management and Financial Planning Services Fees. Our fees are as follows:

1. An annual percentage rate of 1% of the assets under management up to \$1,000,000 and at a rate of 0.75% for assets over \$1,000,000 calculated quarterly on the last business day of the quarter. The fee is paid quarterly in advance.

AND/OR

2. An asset-based annual retainer fee, which is dependent on the amount of assets managed by us and the additional services, complexities, and resources required. The initial annual fee and annual fees thereafter may be adjusted as agreed upon at the time of our Agreement and in any amendment to that Agreement.

Cash is considered an asset class and cash balances held in your account are included in the calculation of the advisory fee charged to your account.

We have no minimum account size requirement to open an account. Our minimum annual engagement fee is \$4500.

Investment Management and Financial Planning Service fees are negotiable at our discretion, and may be modified based on individual circumstances, the complexity of services and/or additional resources required. We manage certain of our current clients under a prior fee and services schedule. A one-time fixed fee of up to \$1,500 is charged at the outset of the engagement for additional services provided during the first year as prioritized by the client. The one-time fixed fee may be reduced or waived at the discretion of Liberty.

Fees payable to Liberty for Investment Management and Financial Planning Services are, with the client's prior permission, automatically deducted from the client's account when due. The client will receive an invoice from Liberty, as well as reports from the account's custodian. Authorization for deduction of fees from the managed account is contained in the Agreement. The client may terminate the authorization for automatic deduction at any time by notifying us in writing. Fees are payable by check at our discretion.

Consulting Service Fees for Existing Clients.

Fees for existing clients' hourly Investment Consulting Services range between \$200 to \$500 per hour, depending upon the complexity and nature of the services. Hourly Consulting fees are negotiable and due at the end of each meeting. As noted above, Liberty provides tax preparation services to investment management and financial planning clients. The fees for such services are based on an hourly rate between \$175 and \$300 per hour. Tax preparation fees are waived at our discretion.

Fees paid to Liberty are for Liberty advisory services only. The fees do not include, for example, the fees charged by third party managers, or accountants and attorney's assisting

with providing the client with accounting and legal advice. Commission on transactions and other account fees will also be charged by and paid to brokerage firms in accordance with the account's brokerage firm's normal commission schedule. See Item 12, Brokerage Practices.

In addition to our advisory fees, each mutual fund in which client's assets are invested also incurs its own advisory fees and other internal expenses which already have been deducted from the fund's reported performance. Depending on the fund, a client may be able to invest directly in the shares issued by the fund with or without incurring any sales or third-party management fees.

Account maintenance fees may also be deducted by the custodian of the client account.

Item 6 - Performance-Based Fees and Side-By-Side Management

We do not use performance-based fees or do Side-by-Side management.

Item 7 - Types of Clients

We provide investment management, consultation and financial planning services to individuals, trusts, estates and small businesses.

We have no minimum account size requirement to open an account. Our minimum annual engagement fee is \$4500.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

We measure an investor's risk tolerance, time horizon, goals and objectives by interviews and questionnaires in an effort to design an investment plan or portfolio to best fit the investor's profile. The investment strategies we recommend are based on a number of concepts, and are determined by the type of investor profile. Investment strategies are generally long-term but may include short-term purchases and sales depending upon your individual needs.

Our investment approach is both conservative and long range. Investment strategies may include long-term and short-term purchases, depending on the individual needs of the client. The concept of asset allocation, or spreading investments among a number of asset classes (e.g., domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) is generally in the forefront of our strategies.

We primarily use mutual funds (open and closed-end) for tax deferred accounts, and individual securities or Exchange Traded Funds (ETFs) in taxable accounts. We generally use a mixture of active and passive investment approaches to implement an asset allocation policy. Since we believe that risk reduction is a key element to long-term investment success, we use strategic asset allocation principles that are in line with your

investment goals.

An Investment Policy Statement and/or Financial Plan are a key part of our overall approach in preparing advice for you. We recommend asset allocation strategies that achieve a diversification of your assets and help lessen your risk, while not undermining the effectiveness of your portfolio's need to achieve your goals. We emphasize an asset allocation approach using a broadly diversified, low cost and low turnover, style-constant investment strategy for asset classes that we believe tend to be highly efficient.

For our active investment approach, we typically seek managers that use a concentrated approach, especially when we feel that a money manager or strategy has the ability to outperform the benchmark of a particular asset class. We may use a preferred list of mutual funds and equities that we have researched and monitored throughout the year. However, the concentrated core investment portfolio generally remains constant. We use our own investment process that balances the size of your portfolio with your individual needs, time horizon, and risk tolerance, while also taking into account your goals, objectives and tax consequences. We consider the individual needs of each client when preparing recommendations.

We may select individual securities on a value basis, primarily but not exclusively in taxable accounts. The value strategy we employ uses the following measures: price/earnings multiples, price/cash flow multiples, debt/capitalization ratio, and price earnings to expected growth rate multiples that are below sector, industry or historic averages.

We also look for a return on equity (ROE) and free cash flow per share that is greater than sector, industry, or historic averages. The intended holding period for these securities is a minimum of three years. Extreme company or market conditions may cause us to sell prior to this time frame. We may also purchase individual bonds as an alternative to fixed income funds, to lower the annual expenses to the portfolio. In the case of short to intermediate maturity bonds, our intent would be to hold these until they mature. We may also buy longer-term bonds to take advantage of anticipated market changes due to rates, structure and/or quality differences that could add potential capital gains.

In developing our investment strategies and advice, we use many sources of public information, including regulatory filings, annual reports, financial news, and perhaps research materials from providers of financial services. We may also use specialized software products supplied by public sources.

In providing Financial Life Planning™ services, we look to the long-term. After we evaluate your financial needs, we design investment and insurance strategies to help you achieve your financial goals. Casualty insurance needs (i.e., homeowners, auto, liability, etc.) may be reviewed at your request or may be part of our Agreement to provide

financial planning services. A casualty insurance review may be provided by an outside consulting firm.

You should be aware that sales of investments result in taxable gain(s) or loss(es). Also, the sale of investments to maintain your asset allocation policy may cause taxable gain(s) or loss(es) to you. We provide general tax planning consultation, and while we make every effort to take these matters into consideration in the delivery of our services, you must understand we are not a Certified Public Accounting firm. Therefore, we strongly encourage you to consult your tax advisor about potential tax consequences that may result from transactions or any particular investment held in your account. We can provide general advice regarding legal considerations with regard to investment plans, but you are strongly encouraged to consult personal legal counsel on all legal matters.

Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

Investors generally face the following types of 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 may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- **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.
- **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.
- **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.

- **Legal and Regulatory Risks:** The regulation of the U.S. and non-U.S. securities and futures markets investment funds are subject to change. The effect of regulatory changes on accounts and/or underlying investment funds, while impossible to predict, could be substantial and adverse.
- **Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues** Our business activities could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, COVID-19 spread rapidly around the world since its initial emergence in China in December 2019 and severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of COVID-19 and/or other epidemics, pandemics and outbreaks of disease cannot be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).
- **Geopolitical Risk:** Geopolitical and other events (e.g., war or terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of an account's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs such as oil may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of an account's investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally.

Item 9 - Disciplinary Information

Liberty does not have any disciplinary information to report regarding itself or any of its representatives or other related persons.

Item 10 - Other Financial Industry Activities and Affiliations

Our Firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Representatives of Liberty may buy or sell securities for themselves that they also recommend to clients. Where a transaction for a Representative, or an account related to a Representative, is contemplated, a client's transaction is given priority. Liberty has developed a Code of Ethics applicable to all persons who have access to confidential client records or to recommendations being made for client accounts. Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm's staff, the Code requires, among other procedures, such "access persons" to obtain preapproval of certain securities transactions, to report transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made or anticipated to be made, in the same securities for clients' accounts. The Code also established certain bookkeeping requirements relating to federal reporting rules. The Code is required to be reviewed annually and updated as necessary. A complete copy of the firm's Code is available upon request.

Item 12 - Brokerage Practices

We participate in the Schwab Advisor Services program through Charles Schwab & Co., Inc., member FINRA/SIPC ("Schwab"). Both are independent, unaffiliated registered broker-dealers.

We recommend that you establish brokerage accounts with Schwab or Schwab to maintain custody of your assets and to effect trades for your accounts. They both offer independent investment advisory services which include custody of securities, trade execution, clearance and settlement of transactions.

Schwab and Schwab make available other products and services to us that benefit us but may not directly benefit your accounts. However, some of these other products and services assist us in managing and administering your accounts. These

include software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements);
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts);
- Provide research, pricing information and other market data;
- Facilitate payment of our fees from your accounts;
- Assist with back-office functions, recordkeeping and client reporting; and
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Liberty by third party vendors.

Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Schwab. Schwab also make available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services provided to us by independent third parties. Schwab may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to us.

We are independently owned and operated and not affiliated with Schwab. Schwab provide us with access to its institutional trading and custody services. These services typically are not available to Schwab retail investors. 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 your accounts maintained in its custody, Schwab generally do not charge separately for custody, but are compensated by you through commissions or other transaction-related fees for securities trades that are executed through them or that settle into their accounts.

As a fiduciary, we endeavor to act in your best interests at all times. Our recommendation that you maintain your assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab. This may create a potential conflict of interest.

In addition to meeting the minimum eligibility criteria for participation in the Schwab program, we may have been selected based on the amount and potential profitability to Schwab of the assets in, and trades placed for, client accounts maintained with Schwab. Schwab is a discount broker-dealer independent of and unaffiliated with us and there is no employee or agency relationship between us and Schwab. Schwab does not supervise Liberty and has no responsibility for management of client portfolios or other advice of services Liberty provides to clients.

Liberty's participation in the Program raises potential conflicts of interest. Liberty may

encourage their clients to custody their assets at Schwab and whose client accounts are profitable to Schwab. Consequently, in order to participate in the Program, Liberty may have an incentive to recommend to clients that assets be held in custody with Schwab and to place transactions for client accounts with Schwab. Liberty's participation in the Program does not relieve us from our duty to seek best execution of trades for client accounts.

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

We do not consider broker-dealers based on client referrals.

We use Prime Broker Programs available through both Schwab for individual securities trades. This allows us to place trades through other brokers/dealers. We use Schwab as your main broker/dealers and custodians unless you specifically request in writing your desire to use another financial services firm, providing that electronic account information is available. In such cases, you are responsible to ensure that we have the authority to receive all account information in a timely manner. Further, you should understand that we may not be able to offer best execution because of limitations that your preferred service provider may place on us. We recognize our duty to provide best execution for all our clients under the circumstances available. The decision to use the preferred broker/dealer is based upon the customer service provided to investors and the services available to us.

We will permit you to select brokerage only if we are able to get electronic distribution of the transactions and related client and portfolio information at a reasonable cost to us in a format compatible with our existing software.

This service may result in you paying higher commissions or transaction and other fees at the selected broker.

While it is possible that you may pay higher commission or transaction fees through Schwab, we have determined that these companies currently offer the best overall value to us and to you for the brokerage and technology they provide. We believe that Schwab's customer service and trade execution provide a standard of service that enables us to meet our fiduciary duty to our clients. Schwab feature a broad line of products and services that are available to every investor, regardless of the amount of investable assets.

We may aggregate (or bunch) trades when executing transactions for our various clients in order to realize more effective trade execution and the cost efficiencies that come from executing larger order sizes. Generally, if we are purchasing or selling the same security for two or more clients at the same time, we will aggregate the trade, whenever possible.

Item 13 - Review of Accounts

Investment Management Services provide for ongoing monitoring and internal reviews of the underlying assets of your portfolio based on the size, complexity and make-up of your accounts. Your portfolio reviews are supervised under the direction of the portfolio manager.

The monitoring and reviews generally include, but are not limited to analyzing current data for reporting purposes, periodic allocation reviews and re-balancing, preparation for client reviews, annual tax implication reviews, reviews of investment strategy, market conditions, or reviews otherwise determined appropriate by the Advisory Representative. You receive transactional and monthly statements from broker/dealers and custodians. Clients engaging us for discretionary Investment Management Services receive periodic performance and allocation reports, and annual realized gain and loss reports. We also prepare performance and transactional report for periodic client meetings.

Clients who have engaged us for Consulting Services which may comprise services based upon various issues relating to investment or financial planning, will not receive written reports. Consulting Services are not ongoing in nature and can terminate upon the delivery of services.

Item 14 - Client Referrals and Other Compensation

We do not pay or receive compensation or economic benefit for client referrals.

Item 15 - Custody

Liberty does not take custody of client funds or securities. These safekeeping services are typically provided to managed accounts by the brokerage firm processing the securities transactions ordered by Liberty.

As disclosed in the "Fees and Compensation" (Item 5) of this brochure, Liberty and our client may authorize and arrange for the direct deduction of our advisory fees from client accounts.

As part of this fee billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their

custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Liberty also provides other services on behalf of our clients. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from Liberty to transfer assets to third parties. In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to the annual surprise independent accountant examination.

You receive transactional and monthly statements directly from the selected broker dealer(s) and custodians.

We encourage you to compare our statement with the ones you receive from the qualified custodian and contact us with any discrepancies or questions you may have.

Item 16 - Investment Discretion

Liberty maintains discretionary trading authority over Investment Management accounts, as evidenced by the client Agreement and limited power of attorney authorization. When doing so, it allows us to select the securities to buy and sell, the amount to buy and sell, when to buy and sell, and the commission rate paid, without obtaining specific consent from the client for each trade. Clients should be aware that we may make different recommendations and effect different trades with respect to the same securities to different advisory clients.

Each client has the opportunity to provide restrictions to that authority by written request and to review and amend any restrictions at least annually.

Item 17 - Voting Client Securities

We do not vote proxies for clients.

Item 18 - Financial Information

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