

**Item 1 Cover Page**

**Five Talents Financial Management Group, LLC**

A Registered Investment Adviser Firm

IARD/CRD Number: 307987

**ADV Part 2A Disclosure Brochure**

March 15, 2023

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This brochure provides information about the qualifications and business practices of **Five Talents Financial Management Group, LLC**. If you have any questions about the contents of this brochure, please contact us at Phone: (515) 223-7487 or by e-mail at: [staff@5talentsfinancial.com](mailto:staff@5talentsfinancial.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.

“Registration does not imply a certain level of skill or training.”

Additional information about **Five Talents Financial Management Group, LLC** also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 Material Changes**

This is Five Talents Financial Management Group, LLC ’s (FTFMG) fiscal year-end amendment filing as an investment adviser. Our last fiscal year-end amendment filing was in February 2022.

FTFMG has the following material amendments to this Form ADV Part 2A Disclosure Brochure since our last fiscal year-end amendment filing.

- FTFMG is now in the process of closing out that wrap fee program and will no longer sponsor a wrap fee program. FTFMG will not accept new accounts in that wrap fee program and we will amend our Form ADV to withdraw it from our registration filings once the last account has been closed or transferred out of that program. See Item 4 on page 5.
- We have updated our Fiduciary Statement. See Item 4 on page 5.

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#### **Item 4 Advisory Business**

Five Talents Financial Management Group, LLC (FTFMG) is a limited liability corporation organized in the state of Iowa. Gregory Bendinger, Donald Boyd, II, Jeff Jergens and Edward Modglin are the firm's Owner/Members. Mr. Bendinger is also the firm's Chief Compliance Officer. FTFMG is currently registered as an investment adviser with the United States Securities and Exchange Commission ("SEC"), under the Investment Advisers Act of 1940, Rule 203A-2(c) since August 2020. FTFMG is "notice filed" in the state of Iowa and other states as required by state rules and regulations. Investment Adviser Representatives (IAR) of FTFMG that are responsible for giving investment advice must have a FINRA Series 7 License and NASAA Series 66, NASAA Series 65 License or an investment adviser representatives licensing equivalent, such as CFP® designation. FTFMG offers a number of investment advisory services.

#### **Wealth Management Programs**

FTFMG provides Wealth Management Program Services, defined as giving continuous advice to clients based on their individual needs through FTFMG's Wealth Management Program accounts. FTFMG obtains financial information on an Investor Profile Questionnaire and other new account documents from prospective clients to determine the suitability of establishing Wealth Management Program accounts and to determine the appropriate Portfolio Management strategies that are specific for each client account that is established with FTFMG.

**Investment Discretion** - Clients provide written authorization to FTFMG to use limited discretionary trading authority to buy, sell and direct investments within their accounts, including reinvestment of proceeds from assets sold and income attributable to their account, in cash, cash equivalents, bonds, shares of common or preferred stock, unit investment trusts, ETF's, mutual funds, options, variable annuity sub-accounts, or other alternative securities selected by FTFMG and FTFMG IARs for their accounts. Clients appoint FTFMG and FTFMG's IARs as their agent and attorney-in-fact with respect to this limited discretionary trading authorization. Clients may impose restrictions on investing in certain securities or types of securities. This limited discretionary trading authorization shall remain in full force and effect and be relied upon by FTFMG and FTFMG IARs until a written notice of termination or change is received by FTFMG from a client. Under no circumstance will FTFMG and FTFMG IAR effect transactions for clients which FTFMG believes will violate state or federal law, rules or regulations, or any regulatory or self-regulating body rules or regulations. Clients may also place limits on the purchase of certain securities in their accounts.

**Trading** – FTFMG allocates trades to clients in a fair and equitable manner that will be applied consistently to all clients. Personal accounts of FTFMG, its IARs and family members will not be treated more favorably than any other client account. FTFMG will make every attempt to completely fill all block order trades. All variable annuities managed within the Wealth Management Program by FTFMG will have their variable annuity sub-account transactions processed through the Custodian of record for the variable annuity.

**Trading Error Corrections** - It is FTFMG's policy to ensure clients are made whole following a trade error. Specifically, when a trade error occurs in a client account that results in a loss, FTFMG will reimburse the client. If the trade error was made in a client account resulting in a gain, LPL will keep the gain. If the trade error was made in a block trading account and client funds were not at risk and the trade results in a gain, LPL will keep the gain.

**Reports and Statements** - Clients may receive periodic performance reports from FTFMG describing account performance and holdings. Clients will receive a monthly account statement from the Broker-Dealer/Custodians showing the account activity as well as positions held in the account at month's end, when there is activity in the account. No less than on a quarterly basis, client will receive a statement from the Broker-Dealer/Custodians for transactions and holdings.

**Wealth Management Program Termination** – A Wealth Management Program Agreement may be terminated by FTFMG or client effective upon receipt of written notice to the other party. Upon termination, client shall receive a refund of any Wealth Management Fee not already earned by the FTFMG. FTFMG will advise the Broker-Dealer/Custodian to deliver securities and funds they hold as instructed by client unless client requests that the securities and funds be liquidated or maintained at Broker-Dealer/Custodian. If an account is liquidated, proceeds will be payable to client upon settlement of all transactions in the account. Termination of a Wealth Management Program Agreement will not affect the liabilities or obligations of the parties arising out of transactions initiated prior to termination. When the Wealth Management Disclosure Brochure is not provided to a client at least 48 hours prior to signing an agreement with FTFMG, the client will have five business days to cancel the agreement without penalty.

### **Financial Planning Services**

FTFMG provides financial planning services to clients. When providing financial planning services, FTFMG will obtain financial information and documents from clients to determine the appropriate advice to be provided to them. Each client may impose limits on the type of Financial Planning Services provided to them by FTFMG. FTFMG may provide the following financial planning services to clients:

- Net Worth Planning
- Protection Planning
- Portfolio/Asset Management Planning
- Tax Planning
- Retirement Planning
- Estate Planning
- Education Planning
- Special Situation Planning

If Financial Planning Services are being separately provided by FTFMG the services do not include portfolio management services, nor do they include the regular review of client's investment assets. If client wants to have FTFMG manage their investment assets in addition to providing Financial Planning Services, a Wealth Management Program Agreement must be entered into with FTFMG.

When a Financial Planning Service client implements the advice of an FTFMG's IAR, the client may do so through the IAR in his separate capacity as an FTFMG IAR, registered representative of LPL and/or an insurance agent. When implementing transactions in these separate capacities, the IAR may earn separate fees or commissions. If separate fees or commissions are earned, the IAR may waive or reduce the financial planning fee by the amount of the fees or commissions actually received by the IAR.

### **Qualified Retirement Plan Program**

FTFMG provides Qualified Retirement Plan Program services for Plan Sponsors and their Qualified Retirement Plans. The covered qualified retirement plans include 401(k) Plans, Defined Contribution Plans, Profit Sharing Plans, and Defined Benefit Plans and other qualified retirement plans (collectively referred to as Qualified Retirement Plans). FTFMG currently provides employee education and enrollment support services, and other qualified plan adviser services as required.

### **Referrals to Other Investment Advisers**

FTFMG may establish relationships with unaffiliated registered investment advisers that offer a variety of investment advisory programs and services that include asset management programs, separate account portfolio management programs, asset allocation programs, wrap fee programs and financial planning services. If a client is referred to one of these unaffiliated registered investment advisers FTFMG and FTFMG's IARs may receive referral fees from the unaffiliated registered investment adviser. FTFMG will, at all times, be in compliance with the rules and regulations under state law, and, if it applies, the Investment Advisers Act of 1940, 17 CFR Section 275.206(4)-1 regarding these relationships.

### **Wrap Fee Program Disclosures**

FTFMG has sponsored a wrap fee program, the Five Talents Financial Management Group, LLC Wealth Management Wrap Fee Program. However, FTFMG is now in the process of closing out that wrap fee program and will no longer sponsor a wrap fee program. FTFMG will not accept new accounts in that wrap fee program and we will amend our Form ADV to withdraw it from our registration filings once the last account has been closed or transferred out of that program. FTFMG's IARs are the program's only portfolio managers. For information on FTFMG's Wealth Management Wrap Fee Program please review the Five Talents Financial Management Group, LLC Wealth Management Wrap Fee Program Brochure.

### **FTFMG Fiduciary Statement**

FTFMG is a "fiduciary" under ERISA or section 4975 of the Code (to the extent applicable) with respect to any investment advice that FTFMG provides in connection with Retirement Accounts and holdings. When providing any such fiduciary advice to a client FTFMG adheres to the standards of care of "Impartial Conduct Standards". FTFMG also provides investment advice that is in the client's "Best Interest." Advice meeting the "Best Interest" standard is advice that reflects the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on your investment objectives, risk tolerance, financial circumstances, and needs, without regard to the financial or other interests of FTFMG. The compensation that FTFMG receives for their services is not excessive or unreasonable within the meaning of ERISA section 408(b)(2) or section 4975(d)(2). Statements by FTFMG to you about services subject to this Disclosure will not be materially misleading at the time they are made.

### **Assets Under Management and Advice**

**Assets Under Management** – As of December 31, 2022 FTFMG had \$164,488,430 of assets under discretionary management. FTFMG does not manage assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Wealth Management Fee Schedule**

Clients compensate FTFMG for all services furnished within the Wealth Management Program by the payment of annualized management fees ("Wealth Management Fees") of up to 2%. All FTFMG Wealth Management Fees are negotiable.

Wealth Management Fees will be calculated and paid in advance or in arrears at the beginning of each quarter. Wealth Management Fees will be based on the Quarter Ending Balance (QEB) of the Client's account assets under management at the end of the previous quarter. The QEB does not take into account securities that are not priced, nor does it count days when the account has a zero balance. Wealth Management Fees will be automatically deducted from the account. An account that is opened mid-period will be charged an initial Wealth Management Fee that includes a portion of the fee that is pro-rated for the number of days that the account is open in the first Quarter. Wealth Management Fees will

be noted on Client's monthly Custodian statement. Client provide FTFMG with written authorization to deduct all Wealth Management Fees and trade execution charges from client's account at the Broker-Dealer and Custodian.

Expenses related to the ordinary servicing of the Account, including custody fees, security transaction fees, and/or program fees shall be paid by the client. Other non-ordinary fees or fees incurred at the direction of the client shall be paid by the client. Operating fees of mutual funds and other investment product fees are deducted from the asset value of those investments as defined in the prospectus of the sponsor for each product.

Client may have Wealth Management Fees paid from other accounts or custodians, or be billed directly by invoice, in such cases Wealth Management Fee deductions will be noted as zero on the client's monthly Custodian statements.

**General Wealth Management Program Fee Disclosure** - Fees paid by clients in FTFMG's Wealth Management Program may be more than or less than the cost of purchasing the same services, separately or similar services elsewhere. FTFMG's Wealth Management Fees are negotiable.

### **Financial Planning Services Fees**

FTFMG charges up to \$400 an hour for financial planning services. Financial Planning Fees are negotiable and are based on a number of factors including expected complexity of the plan, amount of information that must be reviewed and incorporated into the plan, expected number of hours necessary to complete the plan, number of advisor/client meetings needed to gather and present data, amount of assets the client has with the firm and the competitive landscape.

Financial planning fees are billed and due upon completion of the financial planning services. FTFMG does not deduct fees from client accounts or assets. The financial planning fees paid by client do not include payment for other professional services, which may be required by client to implement the recommendations made by FTFMG. Financial planning fees are negotiable.

FTFMG's Financial Planning Services may be terminated by either FTFMG or the client effective upon receipt of written notice to the other party. Upon termination, client will receive a refund of any Financial Planning Fees not already earned by the FTFMG. Any Financial Planning Fees owed by client are immediately due and payable at the termination of the Financial Planning Agreement.

### **Qualified Retirement Plan Program**

FTFMG's Investment Advisory Fee is based on a maximum of 0.75% of Plan assets, with a minimum fee of \$10,000. However, the Investment Advisory fee minimum is negotiable at the discretion of FTFMG. FTFMG's Investment Advisory Fees may be paid monthly or quarterly in advance based upon previous period ending balance of the assets invested in the Plan.

FTFMG does not have a Qualified Retirement Plan Review Program plan minimum. However, FTFMG's Qualified Retirement Plan Program is best suited for employers with 50 or more employees or plans with \$1,000,000 or more of assets. For Qualified Plans with fewer employees or assets of less than \$1,000,000 a negotiated fee will be considered for the scope of work to be performed.

Plan Sponsor shall pay under one of the following Fee Schedule structures:

- Annual Asset Based Fee Schedule: Up to 0.75%. FTFMG's Investment Advisory Fees are paid quarterly in arears based upon previous period ending balance of the assets invested in the Plan; or
- Annual Flat Fee Schedule: Up to \$5,000. FTFMG's Investment Advisory Fees are paid quarterly in arears.

FTFMG's Qualified Retirement Plan Program may be terminated by FTFMG or Qualified Plan Sponsor by giving to other party written notice. The agreement will then be terminated upon the receipt of the termination notice by the other party. Any prepaid, unearned fees will be refunded to the Qualified Plan. FTFMG doesn't charge a termination fee.

### **Referrals to Other Investment Advisers Fees**

The investment advisory and referral fees in these investment advisor's programs are negotiable but may range up to 2.5% with the fees being divided between the investment advisor and FTFMG. All fees are fully disclosed in the agreement signed by the client. Fees for these referral adviser programs and services may be more than the cost of purchasing the same services separately or similar services elsewhere.

Fee factors used to determine the appropriate fee include:

- Expected level of ongoing, comprehensive advice
- Expected level of client services (portfolio reviews, asset allocation reviews, client meetings, investment research, etc.)
- Expected transaction activity (annual turnover rates, rebalancing)
- Amount of total assets the client has with the firm
- Competitive landscape.

FTFMG does not deduct fees from client accounts or assets that are referred to other investment advisers. All fee billing and fee deductions are done by these other investment advisers. Once these other investment advisers are paid the fees owed them they pay FTFMG its referral fees. For further details on these other investment advisers and their fee billing procedures please review their Form ADV Part 2 Disclosure Brochures and client agreement forms.

### **Broker-Dealer and Insurance Compensation**

FTFMG's IARs may also be licensed as broker-dealer registered representatives with LPL Financial and as insurance agents. In those capacities they may sell securities for sales commissions as registered representatives and sell insurance products for sales commissions as independent insurance agents. They may receive a portion of these commissions and 12b-1 trail fees in their separate capacities as registered representatives or insurance agents. Clients should be aware that the payment and receipt of these commissions and fees could represent an incentive to recommend mutual funds or variable annuities that pay 12b-1 trail fees or pay higher 12b-1 trail fees over funds with no 12b-1 fees or lower fees, thus creating conflicts of interest to recommend investment and insurance products based on compensation rather than client needs. These securities and insurance products will not be placed in FTFMG investment advisory accounts if FTFMG IAR receives a portion of these commissions and 12b-1 trail fees in their separate capacities as registered representatives or insurance agents. Clients always have the option to purchase securities or other investment products that IARs recommend through other unaffiliated brokers-dealers.

FTFMG IARs receive less than 5% of their income from these other Broker-Dealer and Insurance activities.

FTFMG addresses these Compensation conflicts through the following **Compliance Oversight Policies**:

- **Conflicts of Interest** - FTFMG must disclose any conflict of interest when dealing with clients.
- **FTFMG Obligations** - FTFMG and its IARs are subject to the following specific obligations when dealing with clients:
  - The duty to have a reasonable, independent basis for its investment advice;
  - The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs, and circumstances; and,
  - A duty to be loyal to clients.

Gregory Bendinger, the Chief Compliance Officer (CCO) of FTFMG is responsible for supervising FTFMG advisory accounts, and other advisory activities. The main reports and documents the CCO reviews to supervise/review these activities are Investor Profile Questionnaires, new account documents, trade reports, confirmations, brokerage statements, performance reports, daily activity reports and planning documents.

Clients always have the option of purchasing recommended investment and insurance products through other broker-dealers and insurance agents that are not affiliated with FTFMG or LPL.

### **General FTFMG Fee Disclosure**

Fees paid by clients in the various advisory programs and services of FTFMG may be more than the cost of purchasing the same services separately or similar services elsewhere.

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

FTFMG does not conduct any Performance-Based Fees advisory business.

#### **Item 7 Types of Clients**

FTFMG generally provides investment advice to the following:

- Individuals
- Profit sharing plans and participants
- Pensions and other retirement plans
- Corporations or other business entities
- Trust, estates, or other charitable organizations

Account Minimums – FTFMG does not have any account minimums for Financial Planning clients. FTFMG's recommended minimum investment amount for establishing and maintaining a Wealth Management Program account with FTFMG is \$100,000. Exceptions may be granted to this minimum at the discretion of FTFMG.

FTFMG does not have a Qualified Retirement Plan Review Program plan minimum.

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

##### **Methods of Analysis**

FTFMG will obtain financial information from prospective clients on an Investor Profile Questionnaire, financial planning documents and other new account documents to determine the suitability of FTFMG's Wealth Management Program and to determine the appropriate investment objectives that are specific for each client account that is established with FTFMG. FTFMG has no investment committee. FTFMG's IARs give investment advice to their clients based on what is suitable for each client. Reviews are conducted for all accounts on a periodic basis. FTFMG IARs may use the following methods of analysis.

**Charting analysis** involves the use of patterns in performance charts. FTFMG uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Quantitative analysis** deals with measurable factors, such as the value of assets, the cost of capital, historical projections of sales, and so on.



**Modern Portfolio Theory** is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

### **Investment Strategies**

FTFMG will use both long term (over a year) purchases and short term (under a year) purchases in FTFMG's investment strategies. The primary investment research tools used by FTFMG is the internet, financial news sources, research material prepared by others, other online investment management tools, and investment prospectuses. The following are the general investment strategies used by FTFMG's IARs. Each FTFMG IAR adjusts their investment strategies to specifically fit to how they manage client accounts:

**Income** - The portfolio objective is to achieve current income. While this strategy has an amount of inherent risks associated with all equity and income investing, the portfolio uses diversification in different asset classes to mitigate downside risk.

**Income with Moderate Growth** - The portfolio objective is to achieve current income with potential growth. While this strategy has an amount of inherent risks associated with all equity and income investing, the portfolio uses diversification in different asset classes to mitigate

**Growth with Income (Balanced)** - The portfolio objective is to achieve long-term capital growth and current income. While this strategy has an amount of inherent risks associated with all equity and income investing, the portfolio uses diversification in different asset classes to mitigate downside risk.

**Growth** - The portfolio objective is to achieve the highest return possible by investing mostly in equities. While this strategy has an amount of inherent risks associated with all equity and income investing, the portfolio uses diversification in different asset classes to mitigate downside risk.

**Aggressive Growth** - The portfolio objective is to achieve the highest return possible by investing primarily in equities. While this strategy has an amount of inherent risks associated with all equity and income investing, the portfolio uses diversification in different asset classes to mitigate downside risk.

If the client household has any accounts with \$100,000 or greater of AUM, the smaller accounts within the household may be asset allocated consistent with the asset allocation of the larger account(s) at the advisor's discretion.

**Investment Strategies for accounts at SEI:** SEI Private Trust Company provides FTFMG with an institutional asset allocation program to manage Client account assets within FTFMG's Wealth management Program. This SEI program is primarily made up of SEI mutual funds. The SEI program provides multiple Portfolios each of which has its own risk profile, liquidity requirement, tax profile and purpose. FTFMG assists clients in choosing the SEI asset allocation program strategies that are suitable for their investment needs and objectives. FTFMG and Clients provide SEI with an asset allocation policy and direct SEI to allocate, reallocate and rebalance Client accounts within the asset allocation policy.

**Investment Strategies for Referrals To Other Investment Advisers–** FTFMG will obtain financial information from prospective clients to determine the appropriate investment advisory programs or services with other investment advisers. FTFMG may use various investment analysis tools to assist in such analysis. Clients establishing and maintaining investment advisory accounts with other investment advisers may receive performance reports from the investment advisers showing the investment performance of their accounts.

### **Material Risks Involved**

**Charting analysis** strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles these investors are trying to exploit.

**Quantitative Model Risk.** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### **Financial Planning**

FTFMG will obtain financial information from a prospective client to determine the suitability and level of FTFMG's Financial Planning Services. FTFMG's IARs gives advice to a client based on the level of service agreed to in the financial planning agreement with the client. With respect to one-off financial plans, FTFMG's services will generally conclude upon delivery of the financial planning advice or planning document.

### **Risk of Loss**

There are risks inherent in all financial decisions and transactions. FTFMG cannot guarantee the current or future performance of client accounts, or the success of any investment decision or strategy that FTFMG may use with client accounts.

### **Investing in securities involves risk of loss that clients should be prepared to bear.**

#### **Item 9      Disciplinary Information**

FTFMG has no current disciplinary information to report to the public, clients or prospective clients. FTFMG IAR has no current disciplinary information to report to the public, clients or prospective clients.

#### **Item 10      Other Financial Industry Activities and Affiliations**

##### **Broker-Dealer and other Financial Industry Activities and Affiliations**

FTFMG is not registered as a broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor and will not become registered in any of these capacities. FTFMG's IARs are not associates of a futures commission merchant, commodity pool operator or commodity trading advisor. FTFMG's IARs will not become registered or associated in any of these capacities.

However, FTFMG IARs are licensed as registered representatives of LPL Financial, a registered broker-dealer with the Securities & Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA), and a member of the Securities Investor Protection Corporation (SIPC). These FTFMG IARs encourages clients to use not only FTFMG investment advisory services, but LPL broker-dealer services as well. LPL offers a full range of investment products and services. LPL broker-dealer commissions are comparable to other full services brokers.

FTFMG's IARs may sell investments in mutual funds and variable annuity products which pay commissions and 12b-1 trail fees if they are registered representatives of LPL. These IARs may receive a portion of this compensation in their separate capacity as a registered representative of LPL. Clients should be aware that the payment and receipt of these commissions and fees could represent an incentive for the IAR to recommend mutual funds or variable annuities that pay 12b-1 trail fees or pay higher 12b-1 trail fees over funds with no 12b-1 fees or lower fees, thus creating a conflict of interest. A FTFMG's IAR only receives commissions and 12b-1 trail fees for the sale of securities when selling through LPL in their separate capacities as registered representatives of LPL. These securities will not be placed in FTFMG investment advisory accounts if FTFMG IARs receive a portion of these commissions and 12b-1 trail fees in their separate capacity as registered representatives. Clients always have the option to purchase securities or other investment products that IARs recommends through other unaffiliated brokers-dealers.

Commissions may be higher or lower at LPL than at other broker/dealers. LPL registered representatives associated with FTFMG may have a conflict of interest in having clients purchase securities and/or insurance related products through LPL in that the higher their production with LPL the greater potential for obtaining a higher pay-out on commissions earned. Further, registered representatives are restricted to only offering those products and services that have been reviewed and approved for offering to the public by LPL.

When FTFMG's IAR Edward Modglin became associated with LPL, he received payments from LPL in connection with the transition from another broker dealer. These payments are intended to assist him with the costs associated with transition, such as moving expenses, leasing space, furniture, staff and termination fees associated with moving accounts. However, LPL does not confirm the use of these payments for such transition costs. These payments were in the form of a loan, which was forgiven by LPL based on five years of service with LPL and/or the scope of business engaged in with LPL, including the amount of advisory account assets through LPL. This presents a conflict of interest in that the IAR had a financial incentive to recommend that a client engage with him and LPL for advisory services in order for the loan to be forgiven. However, FTFMG's IAR may only recommend a program or service that he believes is suitable for you. LPL and FTFMG have systems in place to review managed accounts for suitability over the course of the advisory relationship.

### **Insurance Activities and Affiliations**

FTFGM's IARs are also licensed as insurance agents and can provide insurance products and services to clients. As insurance agents they will earn insurance commissions and fees while selling and servicing insurance products and services. They will only offer insurance products and services in states where they are properly licensed.

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

FTFMG addresses these conflicts through the following **Compliance Oversight Policies**:

- **Conflicts of Interest** - FTFMG must disclose conflict of interest when dealing with clients.
- **FTFMG Obligations** - FTFMG and its IARs are subject to the following specific obligations when dealing with clients:
  - The duty to have a reasonable, independent basis for its investment advice;

- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs, and circumstances; and,
- A duty to be loyal to clients.

Gregory Bendinger, the Chief Compliance Officer (CCO) of FTFMG is responsible for supervising FTFMG advisory accounts and planning activities. The main reports and documents the CCO reviews to supervise/review these activities are Investor Profile Questionnaires, new account documents, trade reports, confirmations, brokerage statements, performance reports, daily activity reports and planning documents. The CCO may delegate certain Broker-Dealer and advisory compliance responsibilities to a designee that will report to him.

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

### **Code of Ethics**

FTFMG has established a Code of Ethics to comply with the requirements of Section 204A-1 of the Investment Advisers Act of 1940 that reflects FTFMG's fiduciary obligations and those of its supervised persons, and requires compliance with federal securities laws. FTFMG's Code of Ethics covers all individuals that are classified as "supervised persons." All FTFMG owners and IARs are classified as supervised persons. FTFMG requires its supervised persons to consistently act in the FTFMG clients' best interest in all advisory activities. FTFMG imposes certain requirements on supervised persons to ensure that they meet FTFMG's fiduciary responsibilities to FTFMG clients. This standard of conduct requirement is higher than what is ordinarily required and encountered in business.

- FTFMG and FTFMG's supervised persons" may buy, sell and hold securities for their personal accounts, which FTFMG may also recommend to clients, or buy and sell on a discretionary basis for clients. As these situations may present a conflict of interest, it is the policy of FTFMG that no supervised person shall prefer their own interest over the interest of FTFMG clients.
- No supervised person employed by FTFMG may buy or sell any security prior to a transaction being implemented for an advisory account.
- No supervised person employed by FTFMG may buy or sell securities for their personal accounts where their decision is derived from information obtained through their employment with FTFMG unless the information is also available to the investing public upon reasonable inquiry.
- FTFMG maintains a list of all securities holdings for all supervised persons, which is reviewed on a regular basis by a principal of FTFMG.

**Conflicts of Interest – FTFMG** must disclose any conflict of interest when dealing with clients.

**FTFMG Obligations – FTFMG** and its IARs are subject to the following specific obligations when dealing with clients:

- The duty to have a reasonable, independent basis for its investment advice;
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs, and circumstances; and,
- A duty to be loyal to clients.

This Code of Ethics response is only intended to provide clients and potential clients with a summary description of FTFMG's Code of Ethics. If current clients or potential clients want to review FTFMG's entire Code of Ethics they may obtain a copy of it by calling FTFMG at (515)223-7487, writing to FTFMG at 1441 29<sup>th</sup> Street Suite 310 West Des Moines, IA 50266, or e-mail FTFMG at: [staff@5talentsfinancial.com](mailto:staff@5talentsfinancial.com)

## **Item 12 Brokerage Practices**

### **FTFMG Brokerage and Custodian Relationships**

**FTFMG Brokerage and Custodian Relationships** - FTFMG considers a number of factors including, without limitation, best execution, the overall direct net economic impact on account assets (including

commissions which may not be the lowest available, but which will not be higher than the generally prevailing competitive range) the financial stability of the Broker-Dealer and Custodian, the efficiency with which the transaction is effected, the ability to effect the transaction where complicating factors are involved, the availability of the Broker-Dealer and Custodian to stand ready to execute possible difficult transactions in the future, and other matters involved in the receipt of brokerage and research services.

FTFMG has Broker-Dealer/Custodian arrangements with LPL Financial, a SEC registered broker/dealer, member FINRA/SIPC, Charles Schwab (Schwab) a SEC registered broker/dealer, member FINRA /SIPC, and SEI Private Trust Co.(SPTC), a qualified custodian (collectively referred to as “Broker-Dealer/Custodians”). All variable annuities managed within Portfolio Management Program accounts are held at the corresponding insurance company’s custodian of record.

FTFMG will recommend LPL, Schwab or SEI to clients for custody and brokerage services (collectively referred to as Broker-Dealer/Custodians). There is no direct link between FTFMG, the Broker-Dealer/Custodians and the investment advice FTFMG gives to clients, although FTFMG receives economic benefits through its participation in the Broker-Dealer/Custodians’ advisory accounts custody and brokerage services that are typically not available to retail investors. These benefits include the following products and services (provided without cost or at a discount):

- Duplicate client statements and confirmations;
- Research related products and tools; consulting services;
- Access to a trading desk serving advisor participants;
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- The ability to have advisory fees deducted directly from client accounts; and
- Access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to FTFMG by third party vendors.

FTFMG does not have discretionary authority to choose either the Broker-Dealer/Custodian used for transactions, or the commission rates paid.

Some of the products and services made available by Broker-Dealer/Custodians may benefit FTFMG but may not directly benefit client accounts. These products or services may assist FTFMG in managing and administering client accounts, including accounts not maintained at the Broker-Dealer/Custodians. Other services made available by the Broker-Dealer/Custodians are intended to help FTFMG manage and further develop its business enterprise. Clients should be aware, however, that the receipt of economic benefits by FTFMG creates a conflict of interest and may indirectly influence FTFMG’s choice or recommendation of the Broker-Dealer/Custodians for custody and brokerage services.

As discussed previously, certain IARs of the FTFMG are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about [Advisor’s] clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact FTFMG’s Chief Compliance Officer.

LPL Financial provides various benefits and payments to dually registered persons that are new to the LPL Financial platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL Financial platform (collectively referred to as “Transition Assistance”). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the dually registered person’s business, satisfying any outstanding debt owed to the dually registered person’s prior firm, offsetting account transfer fees (ACATs) payable to LPL Financial as a result of the dually registered person’s clients transitioning to the LPL Financial custodial platform, technology set-up fees, marketing and mailing costs, stationary and

licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the dually registered person at [his/her] prior firm. Such payments are generally based on the size of the dually registered person's business established at [his/her] prior firm and/or assets under custody on the LPL Financial. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your IAR receives.

Transition Assistance payments and other benefits are provided to IARS of FTFMG in their capacity as registered representatives of LPL Financial. However, the receipt of Transition Assistance by such dually registered persons creates conflicts of interest relating to FTFMG's advisory business because it creates a financial incentive for certain FTFMG's IARs to recommend that their clients maintain their accounts with LPL Financial. In certain instances, the receipt of such benefits is dependent on a dually registered person maintaining its clients' assets with LPL Financial and therefore FTFMG has an incentive to recommend that clients maintain their account with LPL Financial in order to generate such benefits.

FTFMG attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL Financial's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular dually registered person. FTFMG considers LPL Financial's brokerage, custodian and advisory services when recommending or requiring that clients maintain accounts with LPL Financial. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at LPL Financial.

**Reports and Statements** - Clients may receive periodic performance reports from FTFMG describing account performance and holdings. Clients will receive a monthly account statement from the Broker-Dealer/Custodians showing the account activity as well as positions held in the account at month's end, when there is activity in the account. No less than on a quarterly basis, client will receive a statement from the Broker-Dealer/Custodians for transactions and holdings.

#### **Additional Information on FTFMG's Relationship with LPL**

FTFMG's IARs may be registered representatives of LPL. Clients are not obligated to purchase or sell securities through the IARs in their capacity as Representatives of LPL. However, if clients choose to implement the advice provided by FTFMG through its IARs in their separate capacities as registered representatives, LPL will be used, and commissions may be earned in addition to any fees paid for advisory services.

Commissions may be higher or lower at LPL than at other broker/dealers. LPL registered representatives associated with FTFMG have a conflict of interest in having clients purchase securities and/or insurance related products through LPL in that the higher their production with LPL the greater potential for obtaining a higher pay-out on commissions earned. Further, registered representatives are restricted to only offering those products and services that have been reviewed and approved for offering to the public by LPL.

If clients wish to have FTFMG's IARs implement the advice in their capacity as registered representatives or select to open a fee-based, investment advisory, account through LPL, LPL will be used. IARs that are registered representatives of LPL and are required to use the services of LPL and LPL's approved clearing broker-dealers when acting in their capacity as registered representatives. LPL serves as the introducing broker-dealer. All accounts established through LPL will be cleared and held at National Financial Services, LLC. LPL has a wide range of approved securities products for which LPL performs due diligence prior to selection. LPL's registered representatives are required to adhere to these products when implementing securities transactions through LPL. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. LPL also provides the IARs, and therefore the FTFMG, with back-office operational,

technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help FTFMG manage and further develop its business enterprise.

LPL also makes available to FTFMG other products and services that benefit FTFMG but may not directly benefit its clients' accounts. Some of these other products and services assist FTFMG in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of FTFMG's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of FTFMG's accounts, including accounts not held through LPL.

While FTFMG has an arrangement with LPL, at least annually, FTFMG will review alternative broker/dealers and custodians in the marketplace to ensure LPL and its custodians are meeting FTFMG's duty to provide best execution for client accounts. The review will include a comparison to LPL and the currently used custodians which involve evaluating criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution by LPL and custodians will be reviewed through trade journal evaluations. However, best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

IARs, in their separate capacities as registered representatives of LPL, may receive commissions from the execution of securities transactions. As registered representatives, these IARs may also receive 12b-1 fees from certain mutual fund companies as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for the IARs to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a conflict of interest in registered representative's recommendation of those mutual funds.

### **General Brokerage Disclosures**

FTFMG does not permit clients to direct FTFMG to use other broker-dealers than the broker-dealer selected and used by FTFMG for Wealth Management Program accounts.

#### **Item 13     Reviews**

**Review of Accounts** - IARs reviews Wealth Management Program accounts to determine the appropriate investment objectives that are specific for each client account that is established with FTFMG. FTFMG has no investment committee. FTFMG's IARs gives investment advice to his clients based on what is suitable for each client. Clients may impose restrictions on investing in certain securities or types of securities. Reviews are conducted for all models and accounts on an ongoing basis FTFMG's IARs reviews investment performance, suitability, appropriate asset allocation, and monitors the account for any changes or updates that are needed.

**Financial Planning Review** -FTFMG will obtain financial information from a prospective client to determine the suitability and level of FTFMG's Financial Planning Services. FTFMG has no investment or planning committee. FTFMG's IAR gives advice to a client based on the level of service agreed to in the financial planning agreement with the client. With respect to one-off financial plans, FTFMG's services will generally conclude upon delivery of the financial planning advice or planning document.

**Reports** - Clients may receive financial planning documents for Financial Planning Services render by FTFMG. Clients that have Wealth Management Program accounts may receive performance reports from FTFMG describing account performance and holdings. Clients that have brokerage accounts with LPL will receive a monthly account statement from the Custodian showing the account activity as well as positions

held in the account at month's end. No less than on a quarterly basis, client will receive a statement from LPL for transactions and holdings.

#### **Item 14 Client Referrals and Other Compensation**

##### **Referrals To Or From Other Investment Advisers**

FTFMG may establish relationships with unaffiliated registered investment advisers that offer a variety of investment advisory programs and services that include asset management programs, separate account portfolio management programs, asset allocation programs, wrap fee programs and financial planning services. If a client is referred to one of these unaffiliated registered investment advisers, FTFMG may receive referral fees from the unaffiliated registered investment adviser. FTFMG will, at all times, be in compliance with the rules and regulations under state law, and if it applies, the Investment Advisers Act of 1940, 17 CFR Section 275.206(4)-1 regarding these relationships.

These referral relationships create a conflict of interest. FTFMG addresses Client Referrals conflicts by doing the following:

- Disclosing any conflict of interest when dealing with a client;
- Having a reasonable basis in recommending the referral;
- Maintaining a duty to be loyal to the client; and
- Doing what is in the client's best interest.

FTFMG does not have any referred client accounts from other investment advisers.

Neither FTFMG nor FTFMG IARs directly or indirectly compensate any persons or entities for client referrals.

##### **Marketing/Advertising**

FTFMG may compensate marketing/advertising service providers to generate potential client leads. These marketing/advertising service providers are only compensated by FTFMG for generating potential leads. FTFMG does not compensate these marketing/advertising service providers based on leads that become clients.

##### **Broker-Dealer and Insurance Compensation**

FTFMG's IARs sell securities for sales commissions as registered representative of LPL Investment Research, Inc. (LPL) and sell insurance products for sales commissions as independent insurance agents. These securities and insurance products will not be placed in FTFMG investment advisory accounts. FTFMG and/or its dually registered persons are incented to join and remain affiliated with LPL and to recommend that clients establish accounts with LPL Financial through the provision of Transition Assistance (discussed in Item 12 above). LPL also provides other compensation to FTFMG and its Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits.

The receipt of any such compensation creates a financial incentive for your representative to recommend LPL Financial as custodian for the assets in your advisory account. We encourage you to discuss any such conflicts of interest with your representative before making a decision to custody your assets at LPL Financial.

#### **Item 15 Custody**

FTFMG does not act as a qualified custodian. All FTFMG client accounts are maintained at qualified custodians. However, under SEC and state rules FTFMG has custody of client assets due to our ability to deduct fees from client accounts. The Broker-Dealer/Custodians sends account statements directly to clients. Clients should carefully review those statements.



**Item 16 Investment Discretion**

Clients may only provide written authorization to FTFMG to use limited discretionary trading authority to buy, sell and direct investments within FTFMG Wealth Management Program accounts.

**Item 17 Voting Client Securities**

FTFMG will not exercise proxy-voting authority over the securities held in client accounts where FTFMG provides Portfolio Management services. The obligation to vote client proxies shall at all times rest with the clients. However, clients may contact FTFMG for advice or information about a particular proxy vote. FTFMG shall not be deemed to have proxy-voting authority solely as a result of providing such advice to a client. Should FTFMG inadvertently receive proxy information for a security held in account, such information shall be immediately forwarded to client.

**Item 18 Financial Information**

FTFMG has no financial information to report, since FTFMG does not maintain custody of client accounts or assets other than direct fee deduction, and has no financial situations which may impair its ability to conduct business.

## **PRIVACY POLICY NOTICE**

### **Five Talents Financial Management Group, LLC**

1441 29<sup>th</sup> Street Suite 310  
West Des Moines, IA 50266

**March 15, 2023**

#### ***Our Promise to You***

As a client of FTFMG, you share both personal and financial information with us. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.

#### ***Information Provided by Clients***

In the normal course of doing business, we typically obtain the following non-public personal information about our clients:

- Personal information regarding our clients' identity such as name, address and social security number;
- Information regarding securities transactions effected by us; and
- Client financial information such as net-worth, assets, income, bank account information and account balances.

#### ***How We Manage and Protect Your Personal Information***

- A. Require new Associates to review and acknowledge the firm's compliance policy manual, which includes this privacy policy, and all Associates to review and acknowledge the compliance policy manual annually.
- B. Prohibit an Associate from providing client information over the telephone or in response to an e-mail message unless the Associate has identified the other person as the client, a fiduciary representative of the client, an authorized agent of the client or a party that needs the information to complete a transaction for the client (such as broker-dealers, custodians or administrative service providers).
- C. Maintain appropriate security measures for our computer and information systems, including the use of encryption, usernames/passwords and firewalls.
- D. Use locks and other appropriate physical security measures to safeguard client information stored in paper format. For example, Associates are expected to secure client information within locked cabinets when the office is closed.
- E. Dispose of client information stored in electronic or paper form in such a manner (e.g., through the use of a shredder or shredder service) to reasonably ensure such information is protected from unauthorized access.
- F. Engage a third-party service provider only after we have entered into a contractual agreement that prohibits the service provider from disclosing or using confidential personal information except as necessary to carry out its assigned responsibilities and only for that purpose.
- G. Have implemented the use of procedures and systems that will keep all confidential FTFMG and client information protected from unauthorized viewing and access by persons or entities that are not affiliated with or associated with FTFMG.
- H. Comply with the LPL Financial (LPL) Regulation S-P Written Supervisory Procedures while we have Associates that are affiliate with LPL as registered representatives.
- I. We may share client information with broker-dealers and custodians that have regulatory requirements regarding our client accounts and certain activities of FTFMG s associates who are also registered with a broker-dealer firm.

We will not disclose nonpublic personal information about a client to a non-affiliated third party other than as described in this policy stated above or as permitted by Regulation S-P unless:

- We have provided the client with a revised notice describing the new policy;
- We have provided the client with an "opt out" notice; and
- We have provided the client a reasonable opportunity to opt out of the disclosure before FTFMG discloses the information to the non-affiliated third party.

FTFMG is not required to send privacy notices or provide opt-out elections to clients unless we intend to share the client's nonpublic personal information with a non-affiliated third party.

***Client Notifications***

We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy.

Please do not hesitate to contact us with questions about this notice by calling FTFMG at (515)223-7487, writing to FTFMG at 1441 29<sup>th</sup> Street Suite 310 West Des Moines, IA 50266, or e-mail FTFMG at: [staff@5talentsfinancial.com](mailto:staff@5talentsfinancial.com).