

**Item 1 Cover Page**

**Five Talents Financial Management Group, LLC**

A Registered Investment Adviser Firm

IARD/CRD Number: 307987

**Wealth Management Wrap Fee Brochure**

March 15, 2023

**Home Office:**

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

**Website:**

**Phone:** (515)223-7487

**Fax:** (515)223-7483

**E-mail:** [staff@5talentsfinancial.com](mailto:staff@5talentsfinancial.com)

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).

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 dated March 22, 2022.

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 3.

**Item 3 Table of Contents**

<b>Item 1 Cover Page .....</b>	<b>page 1</b>
<b>Item 2 Material Changes.....</b>	<b>page 1</b>
<b>Item 3 Table of Contents.....</b>	<b>page 2</b>
<b>Item 4 Services, Fees and Compensation .....</b>	<b>page 3</b>
<b>Item 5 Account Requirements and Types of Client.....</b>	<b>page 7</b>
<b>Item 6 Portfolio Manager Selection and Evaluation .....</b>	<b>page 7</b>
<b>Item 7 Client Information Provided to Portfolio Manager.....</b>	<b>page 9</b>
<b>Item 8 Client Contact with Portfolio Managers.....</b>	<b>page 9</b>
<b>Item 9 Additional Information.....</b>	<b>page 10</b>
<b>Privacy Policy Notice .....</b>	<b>page 13</b>

#### **Item 4 Services, Fees and Compensation**

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. In addition to the investment advisory services offered under this Form ADV Part 2A Disclosure Brochure FTFMG also provides wealth management services under FTFMG's Wrap Fee Program. For information on FTFMG's Wealth Management Programs please review FTFMG's 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.

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.

FTFMG offers other investment advisory and financial industry services in addition to this Wealth Management Wrap Fee Program. For information on these other investment advisory and financial industry services please review FTFMG's Form ADV Part 2A Disclosure Brochure.

#### **A. Wealth Management Wrap Fee Program Services**

FTFMG's provides consolidated Portfolio Management Services and Financial Planning Services through our Wealth Management Wrap Fee Program.

##### **I. Portfolio Management Programs**

FTFMG provides Portfolio Management Services, defined as giving continuous advice to clients based on their individual needs through FTFMG's Wealth Management Wrap Fee 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 Wrap Fee 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 IAR for their accounts. Clients appoint FTFMG and FTFMG's IAR 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.

**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 a Broker-Dealer/Custodian arrangement with LPL Financial, a SEC registered broker/dealer, member FINRA and SIPC. All variable annuities managed within Portfolio Management Program accounts are held at the corresponding insurance company's custodian of record.

FTFMG will recommend LPL to clients for custody and brokerage services. There is no direct link between FTFMG, LPL and the investment advice FTFMG gives to clients, although FTFMG receives economic benefits through its participation in LPL's 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 used for transactions, or the commission rates paid.

Some of the products and services made available by LPL 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 LPL. Other services made available by LPL 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 LPL for custody and brokerage services.

**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 IAR 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 Portfolio 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 unless the custodian keeps 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 LPL 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 LPL for transactions and holdings.

**Custody** - FTFMG does not act as a qualified custodian. All FTFMG Wrap Fee client accounts are maintained at LPL which is a qualified custodian. However, under SEC and state rules FTFMG has custody of client assets due to our ability to deduct fees from client accounts. LPL sends account statements directly to clients. Clients should carefully review those statements.

**Wealth Management Fee Schedule** - FTFMG charges an annual fee of up to 2.00% of total assets under management, through the portfolio management services and wrap fee program described above. All WAI wealth management fees are negotiable, and the final fee schedule is included as part of the Wealth Management Wrap Fee Program Investment Advisory Agreement. All FTFMG Wealth Management Fees are negotiable.

Wealth Management Fees will be calculated and paid in advance 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.

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.

FTFMG will at all times use the Wealth Management Fee billing procedures noted above.

**Wealth Management Wrap Fee Program Fee Structure** - Although clients do not pay a transaction charge for transactions in a Wealth Management Wrap Fee Program account, clients should be aware that FTFMG pays LPL transaction charges for those transactions. The transaction charges paid by FTFMG vary based on the type of transaction (e.g., mutual fund, equity or ETF) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or recordkeeping fees to LPL. Transaction charges paid by the Advisor for equities and ETFs are \$9. For mutual funds, the transaction charges range from \$0 to \$26.50. Because FTFMG pays the transaction charges in Wealth Management Wrap Fee Program accounts, there is a conflict of interest in cases where the mutual fund is offered at both \$0 and \$26.50. Clients should understand that the cost to Advisor of transaction charges may be a factor that FTFMG considers when deciding which securities to select and how frequently to place transactions in a Wealth Management Wrap Fee Program account.

In many instances, LPL makes available mutual funds in a Wealth Management Wrap Fee Program account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as "Class I," "institutional," "investor," "retail," "service," "administrative" or "platform" share classes ("Platform Shares"). The Platform Share class offered for a particular mutual fund in Wealth Management Wrap Fee Program in many cases will not be the least expensive share class that the mutual fund makes available, and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Client should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through Wealth Management Wrap Fee Program. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing brokerage-related services to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Platform Shares. An investor in Platform Shares will pay lower fees over time, and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund.

FTFMG has a financial incentive to recommend Class A Shares in cases where both Class A and Platform Shares are available. Although the client will not be charged a transaction charge for transactions, FTFMG pays LPL a per transaction charge for mutual fund purchases and sales in the account. FTFMG generally does not pay transaction charges for Class A Share mutual fund transactions accounts, but generally do pay transaction charges for Platform Share mutual fund transactions. The cost to FTFMG of transaction charges generally may be a factor FTFMG considers when deciding which securities to select and whether or not to place transactions in the account.

The lack of transaction charges to FTFMG for Class A Share purchases and sales, together with the fact that Platform Shares generally are less expensive for a client to own, present a significant conflict of interest between FTFMG and the client. Clients should understand this conflict and consider the additional indirect expenses borne as a result of the mutual fund fees.

**Wealth Management Wrap Fee Program Termination** – A Wealth Management Wrap Fee 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 LPL to deliver securities and funds they hold as instructed by client unless client requests that the securities and funds be liquidated or maintained at LPL. If an account is liquidated, proceeds will be payable to client upon settlement of all transactions in the account. Termination of a Wealth Management Wrap Fee Program Agreement will not affect the liabilities or obligations of the parties arising out of transactions initiated prior to termination. When this Wealth Management Wrap Fee 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.

**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.

## **B. General Advisory Fee Disclosure**

Fees paid by clients in FTFMG's Wealth Management Wrap Fee 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.

## **C. Other Fees, Expenses and Charges**

Clients may incur certain charges imposed by third parties other than FTFMG in connection with investments placed in the account, including but not limited to:

- IRA and Qualified Retirement Plan Fees, and other custodial fees.

- Mutual fund and variable annuity internal expenses, commissions, sales loads, 12(b)-1 fees, trail fees and surrender charges.
- The purchase of mutual fund shares in client's account can result in certain processing and mailing charges that are not incurred when shares are purchased directly from the mutual fund company.
- Broker-Dealer and Custodian ticket charges, fees, expenses, and mark-up/mark-down charges are separate and distinct from the fee charged by FTFMG.

#### **D. Referral Advisor Relationships**

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. FTFMG does not have any referred client accounts from other investment advisers. FTFMG may compensate marketing/advertising service providers or professional networking associations to generate potential client leads. These service providers and associations may only be compensated by FTFMG or FTFMG IARs for generating potential leads. FTFMG does not compensate these service providers or associations based on leads that become clients.

#### **Item 5 Account Requirements and Types of Clients**

FTFMG generally provides Wealth Management Wrap Fee Program 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's recommended minimum investment amount for establishing and maintaining a Wealth Management Wrap Fee account with FTFMG is \$100,000. Exceptions may be granted to this minimum at the discretion of FTFMG.

#### **Item 6 Portfolio Manager Selection and Evaluation**

##### **A. Selection and Review of Portfolio Managers**

FTFMG's IARs are the portfolio manager for Wealth Management Wrap Fee accounts. FTFMG uses the performance and position reporting systems provided by LPL to review client holdings, performance and to calculate fees. Gregory Bending, is FTFMG's Chief Compliance Officer (CCO) and is responsible for supervising FTFMG's advisory activities. The main reports and documents the CCO reviews to supervise/review these activities are Client Investment Profile Questionnaire, new account documents, trade reports, confirmations, brokerage statements, performance reports, daily activity reports.

##### **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 Wrap Fee 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 IAR gives investment advice to his clients based on what is suitable for each client. Reviews

are conducted for all accounts on a periodic basis. IAR periodically reviews his client accounts. IAR reviews investment performance, suitability, appropriate asset allocation, and monitors the account for any changes or updates that are needed (among other things). Clients establishing and maintaining Wealth Management Wrap Fee Program accounts may receive performance reports from FTFMG showing the investment performance of their accounts. Investing in securities involves risk that clients should be prepared to bear. . FTFMG IARs may use the following methods of analysis.

**Charting analysis** involves the use of patterns in performance charts. WAI 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.

### **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.

### **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.**

**Voting Client Securities** - FTFMG will not exercise proxy-voting authority over the securities held in client accounts where FTFMG provides investment management services. The obligation to vote client proxies shall always 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 an account, such information shall be immediately forwarded to client.

### **Item 7 Client Information Provided to Portfolio Managers**

FTFMG's IARs will obtain financial information from each prospective client to determine the suitability of FTFMG's Wealth Management Wrap Fee Program and to determine the appropriate investment objectives that are specific for each client account that is established with FTFMG. FTFMG's IARs gives investment advice to clients based on what is suitable for each client. Clients may impose restrictions on investing in certain securities or types of securities.

### **Item 8 Client Contact with Portfolio Managers**

FTFMG's IARs and their support staff are available to talk to and meet with Clients during regular business hours. Clients may also communicate with their IARs and support staff by telephone or e-mail.

## **Item 9      Additional Information**

### **Disciplinary Information**

FTFMG has no disciplinary information to report to the public, clients or prospective clients. FTFMG's IARs have no disciplinary information to report to the public, clients or prospective clients.

### **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 IAR is not an associate of a futures commission merchant, commodity pool operator or commodity trading advisor. FTFMG's IAR will not become registered or associated in any of these capacities.

However FTFMG's 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). FTFMG's 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 sell investments in mutual funds and variable annuity products which pay commissions and 12b-1 trail fees in his capacity as a registered representative of LPL. 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 IARs 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. FTFMG's IAR only receives commissions and 12b-1 trail fees for the sale of securities when selling through LPL in his separate capacities as registered representative 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 IAR 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 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 three 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 IARs 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** - FTFMG's IARs are also licensed as an insurance agent 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 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, planning activities. The main reports and documents the CCO reviews to supervise/review these activities are Investor Profile Questionnaires, new account documents, trade tickets, confirmations, brokerage statements, performance reports, daily activity reports and planning documents.

### **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 and state rules that reflects FTFMG's fiduciary obligations and those of its supervised persons, and requires compliance with federal and state 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 is 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).

**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 Information**

FTFMG has no financial information to report at this time, and has no financial situations which may impair FTFMG's ability to conduct business.

**PRIVACY POLICY NOTICE**  
**Five Talents Financial Management Group, LLC**  
**March 15, 2023**

***Our Promise to You***

As a client of Five Talents Financial Management Group, LLC (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)