



# DIVERSIFY

## WEALTH MANAGEMENT

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Disclosure Brochure (Form ADV Part 2A)

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CRD Number: 329878

Date of Brochure: January 17, 2024

This Brochure provides information about the qualifications and business practices of Diversify Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact Diversify Wealth Management, LLC at 801.838.9999. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state or local securities authority. Registration with the SEC does not constitute any additional skill or training.

Additional information about Diversify Wealth Management, LLC, ("Diversify," or the "Firm") is also available on the United States Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). For ease of search on the aforementioned website, please utilize the Diversify's CRD/IARD number 329878.

## **ITEM 2 – SUMMARY OF MATERIAL CHANGES**

This Brochure, dated January 17, 2024, was prepared in accordance with the SEC requirements, and is the inaugural brochure for the successor company.

The most current version of Diversify Wealth Management, LLC Form ADV Part 2A Firm Brochure is always available upon request by calling the Firm's Compliance Department at 801-838-9999.

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## **ITEM 4 – ADVISORY BUSINESS**

Diversify Wealth Management, LLC (“Diversify”) is a United States Securities and Exchange Commission (“SEC”) registered investment adviser. The company was formed in January of 2024 which combined multiple registered investment advisers, Diversify, Inc., Caliber Wealth Management, and FirstPurpose Wealth, each domiciled in Utah. Diversify is headquartered in Sandy, Utah, and is wholly owned by Falcon Park Capital, LLC. Some of the partners of Diversify are also part owners in a joint venture with a non-affiliated registered investment adviser, Wade Read Capital, LLC. Diversify is also affiliated with DFPG Investments, LLC, a SEC Broker/Dealer, member FINRA/SIPC, and Diversify Advisory Services, LLC, also a federally registered investment adviser.

Diversify strives to provide personal attention and professional service to all Clients, incorporating an honest, diligent, and ethical approach. Diversify also strives to maintain a level of integrity that puts its clients’ needs ahead of its own. Diversify will provide investment advisory services to Clients through individual accounts, joint accounts, IRA’s, trusts, employee benefit plans, and other types of legal entities. Diversify provides investment advice primarily in mutual funds, equities, bond funds, real estate securities, private equity, structured notes, and ETFs, but is certainly capable of providing advice on a host of other investment types as well.

As of December 31, 2023, Diversify had total assets under management of approximately \$458,072,364, for which Diversify had discretionary authority over approximately \$457,783,467.

## **Advisory Services**

### **FINANCIAL PLANNING AND CONSULTING SERVICES**

Diversify offers financial planning and consulting services by Client request. Financial planning is the process of meeting life goals through the proper management of your finances. These life goals can include buying a first or second home, saving for your children’s education, accumulating wealth in your investment portfolio, or planning for retirement. Financial planning and the related analysis is a multi-step process that provides you with two important things: An in-depth review of your current financial situation and a blueprint that shows you how to potentially achieve your goals and objectives for the future. You will engage Diversify through a separate planning and consulting engagement agreement that outlines the services to be provided.

As part of the financial planning process, generally we make recommendations to take certain actions. If you decide to follow the recommendations provided, you have the option, but are under no obligation, to request that Diversify implement such recommendations through the Firm’s Investment Management Services. Should you request that we implement the recommendations, you will engage us separately and receive the services as outlined below under Portfolio/Investment Management Services. Furthermore, certain IARs of Diversify sell brokerage and insurance products when you and your advisor believe it to be in your best interest. Insurance products are sold by IARs in their separate capacity as an independent insurance agent with appointed carriers not affiliated with Diversify. Brokerage products are sold by IARs in their separate capacity as a registered representative of DFPG Investments. If the IAR implements insurance or brokerage transactions in this separate capacity, he/she earns a sales commission but does not also charge investment management fees on those investments. This could present a conflict of interest since the IAR is incentivized and earns compensation and/or commission(s) for implementing insurance and brokerage product recommendations made as part of the Firm’s Financial Planning Services. This conflict is mitigated by the IAR’s commitment and obligation to act in your best interest. Please see items 5, 10, and 14 below for additional information regarding such conflicts.

Diversify’s consulting services include general investment and product-based education. This service also includes investment guidance as it relates to various securities and their specific features and risks.

### **FAMILY OFFICE SERVICES**

In addition to our Investment Management Services, certain qualified clients can engage Diversify for additional services not related to asset management but interrelated with their financial profile. Services will be performed in accordance with a client agreement and may vary from client to client depending on the specific needs of each client.

### **PORTFOLIO/INVESTMENT MANAGEMENT SERVICES**

Diversify offers portfolio/investment management services on both a discretionary and non-discretionary basis as granted by the Client in the Investment Management Agreement (“IMA”). Clients selecting discretionary services will grant Diversify the authority

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to purchase and sell securities and other investment instruments in the account, while implementing asset allocations strategies and product strategies that are aligned with the individual or entity's investment profile. Diversify will also have the authority to retain third parties or sub-advisors, which may include affiliates of Diversify, to perform any of the duties or obligations of Diversify under the Investment Management Agreement. Clients selecting non-discretionary portfolio/investment management dictate that Diversify's recommendations and investment decisions must be preceded by approval from the Client.

Diversify offers customized portfolio/investment management to individuals, families, trusts, institutions as well as other legal registration types. Investment portfolios are developed to meet the Client's objectives and risk requirements, which include time horizon, tax implications, and liquidity needs, which are determined in advance with the Client. Every investment portfolio is designed and structured with the goal to meet both the short- and long-term financial objectives of the Client. Diversify believes in a disciplined approach incorporating time-honored principles of investing: diversification, asset allocation, quality, and patience in assisting Clients in potentially achieving their long-term investment goals.

Diversify offers its portfolio/investment management services through several platforms and strategies, which are more fully described below.

### *Advisor Managed Solutions ("AMS") Platform*

The AMS Platform offers the investment adviser representative ("IAR") full or limited trading authority to manage the assets and allocations in Client's account(s). The IAR acts as the direct manager and does not employ the use of third-party managers. For the IAR to manage the account(s) appropriately, Diversify requires that the Client complete a Investment Management Agreement and Investment Policy Statement. These documents will be used to collect the Client's basic financial information, risk tolerance, time horizon, and other facts that will be used to guide the decisions the IAR makes in managing the accounts. To obtain full trading authority, the IAR must obtain the Client's consent on the Diversify Investment Management Agreement.

The AMS offers the IAR the ability to execute investments, on a non-discretionary basis, into one or more illiquid alternative investments within Client's account(s). An alternative investment is generally defined as an asset that is not one of the conventional investment types, such as stocks, bonds, mutual funds, or cash. Alternative investment asset classes may include, but are not limited to, real estate, debt funds, private equity, commodities, hedge funds, venture capital, etc. and typically have minimum net worth and/or income requirements that must be met. Alternative investments are designed to assist investors in creating a diversified portfolio and may provide unique advantages; however, they are complex in nature and involve a high degree of risk. For the IAR to manage the account(s) appropriately, Diversify requires that the Client complete each alternative investment sponsor's subscription documents, as well as the Diversify Investment Management Agreement and Investment Policy Statement Investment Representations and Agreement Form, and investment specific documentation. These documents will be used to collect the Client's basic financial information, risk tolerance, liquidity needs, time horizon, and other facts that will be used to guide the decisions the IAR makes in determining if an alternative investment is appropriate within a Client's account(s).

### *Wealth Accumulator Strategy – American Funds Direct*

Like AMS, the Wealth Accumulator strategy offers clients in the wealth building stage of their life access to advisory services and portfolio management services. Advisors will work with clients to set goals, develop a disciplined strategy, set a time horizon, and monitor the progress. The IAR acts as the direct manager and does not employ the use of third-party managers. For the IAR to manage the account(s) appropriately, Diversify requires the client to sign an Investment Management Agreement and provide details regarding their personal financial situation. Portfolios will be invested in low cost, mutual funds directly with American Funds' F2 shares that correlate to the individual clients' goals and objectives. F2 shares have low expense ratios and lower account minimums allowing wealth accumulators to begin their journey to financial independence.

American Funds has designed this share class for investors who choose to compensate their financial professionals based on the total assets in their portfolio, rather than via commissions or sales charges. Shares in this class do not have upfront or a contingent deferred sales charges and do not carry a 12b-1 fee. Clients in this program should consult the fund's prospectus to have a better understanding of the costs and expenses of the specific mutual fund, including the expenses of the F-2 share class.

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Assets will be held at a qualified, Diversify-approved custodian. To implement an AMS Platform account, Diversify and/or the IAR may utilize third-party technology solutions to provide services such as consolidated billing and reporting, or trade management.

### *Outside Managed Solutions (“OMS”) Platform*

The OMS platform allows the IAR to utilize third-party managers or subadvisors, which are referred to as “outside managers.” Diversify will conduct due diligence on any potential outside managers prior to engagement. Those outside managers who are approved will also be subject to ongoing due diligence. The assets in the account(s) will be held by a qualified, Diversify-approved custodian, other than RBC.

The Client and IAR will work together to select one or multiple managers’ strategies in an effort to achieve the Client’s financial goals. To accomplish this, the IAR will be required to obtain from the Client an Investment Management Agreement and Investment Policy Statement. The Adviser has authority to establish, modify, or terminate relationships with third parties, which may include affiliates of the Adviser, third-party managers, or subadvisors as appropriate.

To implement an OMS Platform account, Diversify and/or the IAR may utilize third-party technology solutions to provide services such as reporting.

### *Diversify Managed Solutions (“DMS”) Platform*

The DMS platform allows the IAR to select from Diversify-curated third-party managers and/or Diversify-designed models that can incorporate third-party managers, in multi-asset class strategies. Diversify will conduct due diligence on any potential outside managers prior to engagement. Those outside managers will also be subject to ongoing due diligence. In addition, Diversify will conduct ongoing analysis of the allocation of the various managers and assets in its own designed models, making occasional adjustments to the managers and allocations as it deems appropriate. The assets in the account(s) will be held by a qualified, Diversify-approved custodian.

The Client and IAR will work together to select one or multiple strategies designed to achieve the Client’s financial goals. To accomplish this, the IAR will be required to obtain from the Client an Investment Management Agreement and Investment Policy Statement. Diversify has authority to establish, modify, or terminate relationships with third parties, which may include affiliates of the Adviser, third-party managers, or subadvisors, as appropriate.

The DMS Platform also offers the ability to execute investments into one or more illiquid alternative investments within Client’s account(s). An alternative investment is generally defined as an asset that is not one of the conventional investment types, such as stocks, bonds, mutual funds, or cash. Alternative investment asset classes may include, but are not limited to, real estate, debt funds, private equity, commodities, hedge funds, venture capital, etc. and typically have minimum net worth and/or income requirements that must be met. Alternative investments are designed to assist investors in creating a diversified portfolio and may provide unique advantages; however, they are complex in nature and involve a high degree of risk. For Diversify to manage the account(s) appropriately, Diversify requires that the Client complete each alternative investment sponsor’s subscription documents, as well as the Diversify Investment Management Agreement, Investment Policy Statement, and Investment Representations and Agreement Form. These documents will be used to collect the Client’s basic financial information, risk tolerance, liquidity needs, time horizon, and other facts that will be used to guide the decisions the IAR makes in determining if an alternative investment is appropriate within a Client’s account(s).

To implement a DMS Platform account, Diversify may utilize third-party sub-advisors, technology solutions, or other service providers, to gain access to third-party manager relationships, additional due diligence, and investment analysis, or to obtain services such as allocation and sleeve management, consolidated billing and reporting, or trade management, in order to curate the options available to the IAR and Client.

### *TownSquare Managed Solutions (“TMS”) Platform*

The TownSquare platform is a TPMM whereby Diversify engages in a sub-advisory relationship with a third-party money manager (“TPMM”). On the TMS Platform, the TPMM is responsible for selecting investments consisting mainly of individual securities, exchange-traded products and mutual funds within a model portfolio and for making changes to the investments selected. The IAR

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is responsible for monitoring the client's objectives and providing portfolio updates to the TPMM. The TMS Platform is sub advised by TownSquare Capital, LLC ("TownSquare"), a third-party investment adviser.

### **NON-MANAGED COURTESY ACCOUNT SERVICES**

In certain circumstances, Diversify will enter into a relationship with the Client to facilitate the custody of Client assets at a Diversify-approved custodian without providing investment management services or advice. Such accounts are referred to as Non-Managed Courtesy Accounts. In these cases, Diversify and its IARs help facilitate the opening and maintenance of the Client's account, including transfers of securities and cash or cash equivalents, as directed by Client. Adviser will not direct the investment or reinvestment of the assets in Client's account, nor exercise any discretion on the account. Any trades placed by the Adviser in the Account will be solely on a non-solicited, non-discretionary basis, as requested by Client.

Because of Adviser's limited role, Adviser is not responsible for ensuring that the investments made in the Account conform to the Client's financial circumstances, investment objectives, investment time horizon, and risk tolerance, even if such information is available to Adviser within the Diversify Investment Policy Statement. However, the Adviser may assist the Client procedurally in imposing guidelines and/or restrictions (if any) that have been provided by the Client below. Such guidelines and restrictions may be amended or supplemented from time to time by agreement of the parties and in accordance with the terms of this Agreement.

### **Legacy Advisory Services**

#### ***RBC Managed Solutions ("RMS") Platform***

The RMS platform is closed to new accounts, but some existing accounts remain. RMS accounts are charged an Advisory Fee negotiated between the client and the IAR, subject to a maximum annual rate of 2.0%. RMS accounts require that at least one third-party money manager be selected. As a result, RMS accounts are also charged management, trade overlay, or other fees for the implementation of the third-party managers' strategy or strategies. These fees will be disclosed separately, at or before the time of account opening, and included in the total fee charged at the custodian.

This Advisory Fee is billed in advance on a quarterly basis based on the market value of the assets in the account as valued by the custodian and may include prorated fees for assets deposited to the account during the prior quarter. The Advisory Fee is a flat negotiated fee.

Upon payment, the Advisory Fee is divided into two portions. First, Diversify retains a portion of the Advisory Fee for administrative and other services, including the coverage of costs charged to Diversify by RBC for custody, clearing, and trade execution. Diversify shares the remaining portion of the Advisory Fee with the IAR, based on the agreement between the IAR and Diversify.

## **Tailoring of Advisory Services**

Diversify tailors its advisory services to the individual needs of its Clients. IARs begin by gathering information about the Client's personal financial situation and then meet with the Client to clarify and confirm the financial information and determine each Client's specific goals, objectives, needs, and risk tolerance. Then, the IAR recommends a proper asset allocation based on the Client's personal financial situation.

Clients may impose limitations or restrictions on investing in certain securities or types of securities by providing separate written instruction to Diversify. However, Diversify reserves the right not to enter into a contract with a prospective Client, or to terminate an agreement with an existing Client, if the proposed limitation or restriction is likely, in Diversify's opinion, to impair its ability to effectively provide services to the Client.

## **Retirement Plan Consulting Services**

Diversify provides Retirement Plans with Fiduciary Services, and/or Communication and Education Services ("Services"), as agreed

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to in Diversify's Retirement Plan Services Agreement.

### **Plan Fiduciary Services**

Diversify serves as an ERISA 3(21) Fiduciary in support of the Plan Sponsor, depending on the terms of the agreement with the Plan. These services are provided by Diversify serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of Diversify's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Adviser reasonably expects under the engagement. Diversify provides the following Fiduciary Services, under the terms of the Retirement Plan Services Agreement with each Plan Sponsor:

- Vendor Analysis
- Employee Enrollment and Education Tracking
- Investment Policy Statement
- Investment Monitoring
- Performance Reports
- Ongoing Investment Recommendation and Assistance
- ERISA 404(c) Assistance
- Benchmarking Services
- Plan Design

***Retirement Account Rollovers Conflict of Interest:*** When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). In the event Diversify recommends that a client roll over their retirement plan assets into an account to be managed by Diversify, such a recommendation creates a conflict of interest if Diversify will earn an advisory fee on the rolled over assets. When acting in such a capacity, Diversify serves as a fiduciary under the Employee Retirement Income Security Act (ERISA).

There is a conflict of interest when a Diversify IAR makes a recommendation that a participant roll over assets from a retirement account into a new or existing account or investment (e.g. rollover IRA) managed by Diversify. The conflict of interest exists because Diversify will receive compensation (e.g., management fees) if the money is rolled over, but it will not if the recommendation is not accepted.

### **Compliance with Prohibited Transaction Exemption PTE 2020-02**

In December 2020, the DOL adopted a new exemption under ERISA ("PTE 2020-02"), which specifically covers three activities prohibited under Section 406(a). These activities are self-dealing, receiving compensation from third parties in connection with any transactions involving an ERISA plan, and principal transaction activity.



PTE 2020-02 can be relied upon by, among others, SEC registered investment advisers and their investment professionals that are deemed investment advice fiduciaries, so long as all the exemption's requirements are met, as applicable. There are five main components to PTE 2020-02, which are designed to safeguard against the conflicts of interest that apply to the prohibited activities covered by the exemption. These include:

- Adhering to specific Impartial Conduct Standards
- Providing specific disclosure to each ERISA Plan client
- Maintaining applicable written policies and procedures
- Performing and documenting a retrospective review
- Having a senior officer make certain written certifications.

Diversify is deemed to be an investment advice fiduciary. At all times, the Firm will act in the client's best interest in making any recommendations related to assets covered by ERISA. Diversify will comply with all applicable rules in order to maintain this exemption.

### **Communication and Participant Education Services**

Diversify provides Communication and Education to the Plan and its Participants, under the terms of the Retirement Plan Services Agreement with each Plan Sponsor:

- Upon eligibility, direct employee contact by phone, e-mail, or letter to promote enrollment
- Investment education
- Comprehensive financial planning
- Periodic company-wide employee survey of retirement plan understanding
- Customer satisfaction surveys
- Periodic employee group education opportunities

## **Assets Under Management**

As of December 31, 2023, Diversify managed approximately:

- \$457,783,467 in Client assets on a discretionary basis
- \$288,897 in Client assets on a non-discretionary basis
- \$458,072,364 total Client assets

## **ITEM 5 – FEES AND COMPENSATION**

Diversify is compensated for services based on Clients' assets under management. Diversify also charges fixed or hourly fees for financial planning and consulting. The fees and other charges the Client pays will vary depending on which Platform or service the Client selects. Clients should be aware that because the compensation Diversify and the IAR receive will differ depending on which management Platform the Client selects, Diversify and the IAR may have financial incentive to recommend a particular Platform over other programs or services. Fees also vary depending on the particular IAR managing the Client's account and the Platform option that is chosen and may be higher or lower than the fees other clients pay for similar services. It should be noted that while all fees charged by Diversify are negotiable, the fees charged by other third parties, such as outside managers and custodians, may not be negotiable and are outside of the control of Diversify. **See Item 12 Brokerage Practices** for additional disclosure regarding fees.

When calculated by Diversify, Fees are due on the first day of the calendar quarter, and are based on the account's asset value, as determined by the custodian, as of the last business day of the prior calendar quarter. Fees are deducted directly from Client's assets, or charged by invoice, on a quarterly basis. Fees for accounts opened during the quarter, or for new assets deposited to the account(s) during the prior quarter, are prorated and billed on the next quarterly cycle. Changes to fee schedules generally become effective the following billing cycle. The fee schedules applicable to each Platform are described below.

### **FAMILY OFFICE SERVICES FEES**

Fees for services performed under the Family Office engagement agreement are charged as a flat fee, paid quarterly in advance. Fees are negotiated depending on the nature of the relationship and complexity of services to be provided. There is no minimum fee requirements and the fees generally do not exceed \$1 million. If the project's complexity and level of work are significant, a higher fee outside of the general range can be negotiated between the Client and the IAR.

Fees for this service can be paid via a check or by a direct debit from a custodial account managed by Diversify. Please note that fees may not be drafted from a tax-qualified advisory account.

### **PORTFOLIO/INVESTMENT MANAGEMENT FEE SCHEDULES**

#### **Advisor Managed Solutions ("AMS") Platform**

AMS accounts are charged an Advisory Fee negotiated between the client and the IAR, subject to a maximum annual rate of 1.75%. This Advisory Fee is billed in advance on a quarterly basis based on the market value of the assets in the account as valued by the custodian and may include prorated fees for assets deposited to the account during the prior quarter. In rare cases, some legacy accounts may be billed in arrears.

Upon payment, the Advisory Fee is divided into two portions. First, Diversify retains a portion of the Advisory Fee for administrative and other services. Diversify shares the remaining portion of the Advisory Fee with the IAR, based on the agreement between the IAR and Diversify.

The Advisory Fee does not include other fees, such as strategy fees, custodial fees, underlying investment fees or other third-party fees. When applicable, a trading fee is charged per trade in AMS Platform accounts by the qualified custodian. Trades may also be subject to nominal SEC charges at the custodian.

#### **Outside Managed Solutions ("OMS") Platform**

OMS accounts are generally billed by the outside money manager, not Diversify, according to the schedule and structure of the particular outside money manager(s) selected. In this case, the total fee billed by the outside money manager typically includes a portion remunerated to Diversify as the Advisory Fee. In other cases, Diversify may charge its Advisory Fee separately from the outside money manager's fee.

The Advisory Fee is negotiated between the client and the IAR, subject to a maximum annual rate of 1.75% imposed by Diversify. The Advisory Fee may be subject to even lower maximums imposed by the outside manager(s).

Upon payment, the Advisory Fee is divided into two portions. First, Diversify retains a portion of the Advisory Fee for administrative and other services. Diversify shares the remaining portion of the Advisory Fee with the IAR, based on the agreement between the IAR and Diversify.

OMS accounts at Charles Schwab may also be charged up to 0.08% annually in lieu of ticket charges, directly by the custodian. This fee is dependent on the agreement between the outside money manager and the custodian. Clients are encouraged to review Form ADV Part 2A and their advisory agreement with the outside manager for additional information related to these fees and how they are charged. For certain managers, ticket charges are applied instead of the 0.08% annual fee, in an effort to reduce overall costs to the client. All OMS accounts may also be charged other fees by the outside manager(s) and/or custodian(s). These outside managers' or custodians' fees will be disclosed and agreed to separately, at or before the time of account opening.

In some cases, OMS managers remunerate a portion of their management fee to Diversify, which results in a financial benefit to Diversify and possibly to the IAR, but in all cases such remuneration is paid out of the OMS managers' management fee, without an increased fee to the Client.

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### **Diversify Managed Solutions (“DMS”) Platform**

DMS accounts are billed by Diversify. DMS accounts are charged an Advisory Fee negotiated between the client and the IAR, and a Strategy Fee, disclosed and agreed to at or before account opening. A portion of the advisory fee is retained by Diversify and the remainder is shared with the IAR, and the Strategy fee covers fees paid to any sub-advisors or third-party investment managers directly or covers the cost of the Strategies employed by Diversify in the management of the account. The Advisory Fees portion is subject to a maximum of 1.75%.

The Advisory Fee and Strategy Fee are combined and billed as a single fee. This single fee is billed in advance on a quarterly basis based on the market value of the assets in the account as of the last day of the prior quarter as valued by the custodian and includes any prorated fees for assets deposited to or withdrawn from the account in excess of \$500 during the prior quarter.

The Advisory and Strategy Fees do not include other possible fees, such as custodian fees, underlying investment fees, or other third-party fees or expenses. When applicable, a trading fee is charged per trade in DMS Platform accounts by the qualified custodian, as reflected under the AMS Platform Fees section. Otherwise, DMS Platform accounts may be charged up to 0.08% annually directly by the custodian, in lieu of trading fees.

### **Alternative Investments within AMS, AMS+ and DMS Platforms**

Alternative Investments utilized within the AMS and DMS Platforms are charged an Advisory Fee negotiated between the client and the IAR, subject to a maximum annual advisory of 1.75%. This Advisory Fee is billed in advance on a quarterly basis based on the market value of the assets in the account as valued by the custodian as of the last day of the prior period and includes any prorated fees for assets deposited to or withdrawn from the account in excess of \$500 during the prior quarter. Due to the illiquid nature of most alternative investments, there may be no prevailing market for the securities or underlying assets and the alternative investments may be hard to value. The custodians typically make a good faith effort to obtain updated valuations from the investment sponsors or they will “fair value” the securities based on each custodian’s valuation policies and procedures.

Upon payment, the Advisory Fee is divided into two portions. First, Diversify retains a portion of the Advisory Fee for administrative and other services. Diversify shares the remaining portion of the Advisory Fee with the IAR, based on the agreement between the IAR and Diversify.

The Advisory Fee does not include other possible fees, such as strategy fees, custodian fees, underlying investment fees, or other third-party fees. When applicable, a transaction fee and custody fees are charged per alternative investment in accounts by the qualified custodian.

### **Wealth Accumulator Strategy – American Funds Direct**

Fees for the Wealth Accumulator Strategy are negotiated by the client and the IAR, not to exceed 1.00% and memorialized in the client’s Investment Management Agreement. Fees are debited from client accounts quarterly in arrears based on the account’s average daily balance as calculated by American Funds. Fees are then remitted to Diversify.

### **Diversify Managed Solutions (“DMS”) Platform Strategy Fees**

In addition to the advisory fee, the following strategy fees are charged in accordance with the client’s Investment Management Agreement:

<b>Strategy</b>	<b>Fees</b>
Diversify Strategies	.15% – 25%
Alternative Investment Strategies	.25%
Third Party Manager Strategies*	.15% - .65%*
UMA Strategies	.16% - .57%

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DRIP Strategy	.40%
Short-Term Cash Management Strategy	.05%

\*Third party manager strategies utilize a curated list of industry recognized third party SMA strategies using model delivery execution.

Below are examples of how fees will work as described above on a sample \$1,000,000.00 portfolio under DAS' management:

### **Example 1: Single Strategy**

Advisory Fee	Strategy Fee	Total Fee
1.25%	.50%	1.75%

### **Example 2: Multi Strategy**

Strategy	Allocated Amount	Advisory Fee	Strategy Fee	Total Fee
1	\$500,000.00	1.25%	.50%	1.75%
2	\$250,000.00	1.25%	.30%	1.55%
3	\$250,000.00	1.25%	.30%	1.55%

As the IAR makes adjustments to the portfolio the total fee will go up and down depending on the strategy selected. While the strategy fee may fluctuate, the advisory fee will remain the same as what was agreed to in the Client's Investment Management Agreement.

A detailed report of the fees paid, the calculations for the fee, or a breakdown of the models deployed, is available at any time upon request.

### **TownSquare Managed Solutions ("TMS") Platform**

TMS accounts are generally billed by the TPMM, not Diversify, according to the schedule and structure of the TPMM. In this case, the total fee billed by the TMM typically includes a portion remunerated to Diversify as the Advisory Fee. The TPMM retains their platform fee. The Advisory Fee is negotiated between the client and the IAR, subject to a maximum annual rate of 1.75% imposed by Diversify. The Advisory Fee may be subject to even lower maximums imposed by the outside manager(s).

Upon payment, the Advisory Fee is divided into two portions. First, Diversify retains a portion of the Advisory Fee for administrative and other services. Diversify shares the remaining portion of the Advisory Fee with the IAR, based on the agreement between the IAR and Diversify.

TMS accounts at Charles Schwab may also be charged up to 0.08% annually in lieu of ticket charges, directly by the custodian. This fee is dependent on the agreement between the outside money manager and the custodian. Clients are encouraged to review Form ADV Part 2A of the outside manager for additional information related to these fees and how they are charged. For certain managers, ticket charges are applied instead of the 0.08% annual fee, in an effort to reduce overall costs to the client. All TMS accounts may also be charged other fees by the outside manager(s) and/or custodian(s). These outside managers' or custodians' fees will be disclosed and agreed to separately, at or before the time of account opening.

The TPMM remunerates the advisory fee to Diversify and then maintains the remainder for the platform fee, which results in a financial benefit to Diversify and possibly to the IAR, but in all cases such remuneration is paid out of the TMS strategy fee, without increasing the fee to the Client.

### **FINANCIAL PLANNING AND CONSULTING FEES**

Upon engaging Diversify, clients may opt to pay for financial planning and consulting services on an hourly, fixed project, or fixed annual fee rate. If selected, hourly fees will be set at a maximum of \$400 per hour, to be negotiated between the Client and IAR, and

## Diversify Wealth Management, LLC – Form ADV Part 2A

is billed in arrears. Fixed project-based fees are billed at a rate of fifty percent (50%) in advance and the remainder due upon the completion of services. Fixed annual fees are billed quarterly in advance. The hours and related services vary depending on the scope of services provided, complexity of the process undertaken, types of issues addressed, and frequency of services rendered.

Such fees and the related services will be outlined and enumerated within an agreement titled "Agreement for Financial Planning & Consulting Services" or within a separate agreement. Financial planning, Consulting, and Advisory Fees do not include fees incurred by the Client with other professionals (i.e. personal attorney, accountant, etc.) in connection with the financial planning, consulting, and advisory processes.

As enumerated within the Agreement for Financial Planning & Consulting, fixed project fees will be based on the estimated hours needed to complete the financial planning services. Diversify will discuss in advance with each Client the amount of time estimated to complete the project and the associated cost (ex: number of hours X \$400.00 per hour). Clients will be notified either electronically or by written hard copy if additional material hours are required to complete the project, above what was initially discussed. Diversify anticipates that in all cases, the project will be completed in less than six (6) months.

Clients will be billed either in accordance with the Portfolio/Investment Management Fee Schedule or with the billing provisions as stated in the Financial Planning Fees and Consulting Fees section as selected solely by the Client.

### SERVICE FEES FOR NON-MANAGED COURTESY ACCOUNTS

Non-Managed Courtesy Accounts are frequently not charged any fee directly by Diversify. In some cases, they may be charged a Service Fee negotiated between the client and the IAR. This Service Fee is billed in advance on a quarterly basis based either on the market value of the assets in the account as valued by the custodian, or based on a flat annual dollar amount, and may include prorated fees for assets deposited to or withdrawn from the account in excess of \$500 during the prior quarter.

The Service Fee does not include other possible fees, such as custodian fees, underlying investment fees, or other third-party fees. When applicable, a trading fee is charged per trade in Courtesy accounts by the qualified custodian, as reflected in the table above. Trades may also be subject to nominal SEC charges at the custodian.

### Legacy Advisory Services Fees

First Purpose Legacy accounts were subject to the following fee schedule and will continue to be charged according to their respective Investment Management Agreement in place at time of engagement or until a new fee is negotiated:

Value of All Managed Accounts with the Firm	Per Quarter	Annualized
First \$500,000	0.3750%	1.50%
Next \$500,000 (\$500,001 to \$1,000,000)	0.3125%	1.25%
Next \$1 million (\$1,000,001 to \$2,000,000)	0.2500%	1.00%
Next \$3 million (2,000,001 to \$5,000,000)	0.1875%	0.75%
Amounts over \$5 million	0.125%	0.50%

Caliber Wealth Legacy accounts were subject to the following fee schedule and will continue to be charged according to their respective Investment Management Agreement in place at time of engagement or until a new fee is negotiated:

Assets Under Management (\$)	Annual Rate (%)
Up to \$1,000,000	1.25%
\$1,000,000 to \$1,999,999	1.0%
\$2,000,000 to \$6,999,999	.75%
\$7,000,000 to \$10,000,000	0.50%
Over \$10,000,000	Negotiable

RMS accounts are charged an Advisory Fee negotiated between the client and the IAR, subject to a maximum annual rate of 2.0%. RMS accounts require that at least one third-party money manager be selected. As a result, RMS accounts are also charged management, trade overlay, or other fees for the implementation of the third-party managers' strategy or strategies. These fees will be disclosed separately, at or before the time of account opening, and included in the total fee charged at the custodian.

This Advisory Fee is billed in advance on a quarterly basis based on the market value of the assets in the account as valued by the custodian and may include prorated fees for assets deposited to the account during the prior quarter. The Advisory Fee is a flat negotiated fee.

Upon payment, the Advisory Fee is divided into two portions. First, Diversify retains a portion of the Advisory Fee for administrative and other services, including the coverage of costs charged to Diversify by RBC for custody, clearing, and trade execution. Diversify shares the remaining portion of the Advisory Fee with the IAR, based on the agreement between the IAR and Diversify.

### Other Fees and Expenses

The account custodian will also charge fees, which are in addition to and separate from the Investment Advisory Fee. Custodians may charge accounts for various transaction costs, wire transfers, expedited shipping, retirement plans and administration fees. Client will be solely responsible for paying all fees or charges of the custodian.

It should be noted that certain mutual fund share classes may be subject to deferred sales charges and/or 12(b)-1 fees, and other mutual fund annual expenses as described in each fund's prospectus. Many mutual funds may have lower cost share classes that do not charge some of these fees. The custodian may receive distribution or service ("trail") fees from the sale of certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services. However, in an effort to mitigate conflicts of interest, Diversify has chosen not to receive the 12(b)-1 distribution or service fees and in instances where said fees are eligible to be paid to Diversify from a custodian, Diversify has chosen to reimburse such fees to the Client account.

Depending upon the strategy selected by the Client, the Client may also be subject to fees from third-party money managers, which would be in addition to the Advisory Fee paid to Diversify.

Advisory Clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

### Payment and Billing

Fees must be paid quarterly and are negotiable based on several factors including, but not limited to, longevity of the account, the type of Client, whether the Client wishes to impose restrictions on Diversify's discretionary investment authority, the amount of assets under management with Diversify, and other business considerations. Diversify does not necessarily aggregate household accounts for a reduction in advisory fees, however, fees are negotiable with each investment adviser representative based on, among other criteria, is the total amount of assets under management. Fees are also assessed on allocations to cash and on margin balances. Whether the fee shall be paid in advance or arrears will also depend upon the Platform(s) chosen by Client and any third-party money managers utilized by Diversify in the fulfillment of its obligations under the terms of the Investment Management Agreement. Accounts opened or closed during a given calendar quarter may be prorated or rebated, as appropriate, depending on whether the account is billed in advance or arrears. Changes to fee schedules generally become effective the following billing cycle.

Agreements for financial planning/consulting and investment management services shall continue in effect until terminated by either party by giving to the other party written notice at least thirty (30) days prior to the date on which the termination is to be effective. Upon termination, Client shall promptly receive a pro-rated refund of that portion of any prepaid fees that have yet to be earned by Advisor. There will be no termination fee; however, Client accounts may be subject to a modest cost of reimbursement of fees, charged by the Custodian, related to transferring the account and the Custodian may impose a fee to close the account. Client has the right to terminate the contract without penalty within five (5) business days after entering into this Agreement. If the Client terminates the contract within this time frame, all fees paid by the Client will be refunded. On the termination of these

agreements, Adviser will have no obligation to recommend or take any action with regard to the securities, cash or other investments or assets in the Account. If Client is a natural person, the death, disability, or incompetency of Client will not terminate or change the terms of the Agreement. However, Client's executor, guardian, attorney-in-fact, or other authorized representative may terminate this Agreement by giving written notice to Adviser.

### Conflicts of Interest

Certain IARs of Diversify are also registered representatives of Diversify's affiliated broker-dealer, DFIG Investments, LLC, providing brokerage products and services. During the investment process and analysis, these representatives may recommend securities, variable annuities, or other investment products that could potentially generate commissions and other forms of compensation rather than generating advisory fees.

Some of Diversify's IARs are also insurance agents offering insurance products and services. In their capacity of an insurance agent, they may recommend insurance products that could potentially generate commissions and other forms of compensation rather than generating advisory fees.

Clients should be aware that the receipt of broker-dealer commissions and other forms of compensation creates a conflict that impairs the objectivity of the persons making the recommendations. However, Diversify does not permit its IARs to earn commissions or markups on securities and insurance purchased or sold when advisory fees are charged for management of the same assets. **Please refer to Item 10 – Other Financial Industry Activities and Affiliations** for additional disclosure related to these types of activities.

Diversify continuously monitors and reviews such activities and transactions to try to ensure that the securities transacted on behalf of Clients are selected for the appropriate reasons. However, it should be noted nonetheless that a conflict of interest does exist.

Diversify and the IAR will be compensated differently depending on the Platform selected. There is a conflict of interest for Diversify and the IAR to recommend the services that offer a higher level of compensation due to either higher management fees or reduced administrative expenses. Diversify mitigates this conflict through its procedures of reviewing Client accounts relative to the Clients' financial situation to ensure the investment management service provided is appropriate. Furthermore, Diversify is committed to its obligation to ensure associated persons adhere to its Code of Ethics and to ensure that Diversify and its associated persons fulfill their fiduciary duty to clients.

Diversify policy is to ensure that its investment advisory Clients' interests receive the highest priority at all times. To meet this end, Diversify utilizes the following policy guidelines:

1. Diversify discloses the existence of material conflicts of interest to its Clients;
2. Diversify makes Clients aware that they are under no obligation to purchase any recommended products from its IARs, and that Clients have the right to take their business elsewhere;
3. Diversify requires that all representatives and employees receive prior approval of all outside business activities;
4. Diversify supervisors review accounts and Client information to ensure that transactions are consistent with Client's financial objectives, goals, and risk tolerance;
5. Diversify does not permit its IARs to earn commissions or markups on securities and insurance purchased or sold when advisory fees are charged for management of the same assets;
6. Diversify provides business ethics and compliance training to all representatives, supervisors, and associated persons to reinforce the importance of ethical behavior and fiduciary responsibility; and
7. Although certain conflicts of interest do exist, Diversify's representatives strive to act in the Client's best interest at all times.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Diversify does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a Client) or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Diversify's fees are asset-based, fixed, or hourly, which Diversify feels aligns its motivations with that of its Clients. Please refer to **Item 5 – Fees and Compensation** for additional information related to how Diversify assesses and collects advisory fees.

### **ITEM 7 – TYPES OF CLIENTS**

Diversify provides portfolio/investment management and financial planning services to individuals, high net worth individuals, corporations, pension and profit-sharing plans, trusts, charitable institutions, foundations, medical professionals, various business professionals, and small business owners.

### **ITEM 8 – METHODS OF ANALYSIS, STRATEGIES AND RISK OF LOSS**

#### **Investment Strategies**

Diversify's goal is to improve the lives of clients by delivering honest investment and wealth management services that create value through personal relationships, a truly independent approach, and a properly diversified portfolio.

Diversify believes its philosophy is unique, and the execution of that philosophy makes Diversify stand out from its competitors. Diversify's IARs work alongside clients to construct portfolios that are based on the client's financial goals and stated objectives. Diversify's IARs meet regularly with clients to review their investments, discuss their financial plan, answer questions, and measure progress.

Diversify believes that investments must be tactically diversified. This means that Diversify sees value in assisting clients in creating investment portfolios that are balanced with more than one type of product. To accomplish this, IARs utilize a broad base of investment offerings, selecting primarily those that are analyzed through Diversify's due diligence process.

Diversify believes in an investment strategy that seeks to mitigate the risks inherent in every type of investment through diversification. Although one can never fully eliminate the risks associated with making an investment, Diversify's philosophy and its team of financial advisors seek to navigate these risks by employing an informed strategy of portfolio diversification. It should be noted and carefully considered that strategies that are more aggressive in nature are generally accompanied by an increase in risk and carry with them a greater likelihood for loss, up to and including the loss of principal. (Please see below for additional risk disclosure.)

Diversify's advisory services and strategies are provided based on discussions with the Client regarding his or her goals, financial circumstances, investment objectives, and expected investment time horizon, and risk tolerance. Based on this information, and any additional data obtained from the Client, Diversify will assist the Client in determining the allocation of the Client's assets among investment classes in an attempt to meet his or her goals and objectives. Diversify will make a determination regarding the suitability of the allocation for the Client. If the allocation appears suitable, Diversify will execute transactions within the investment classes in a manner consistent with the Client's investment objectives and allocation.

Diversify's services may include financial planning. These services involve preparation of financial plans and recommendations as to the allocation of present financial resources among different types of assets, including investments, savings, and insurance, with a view toward better correlation of the assets with the Client's financial planning goals.

Depending on the Platform selected by the Client, the Client's account may be managed by a third-party manager or subadvisor. Although the third-party manager or subadvisor is responsible for its own investment methodology and strategy, Diversify will review the strategy being employed in managing the Client's account to determine if it appears suitable based on the Client's goals, financial circumstances, investment objectives, expected investment time horizon, and risk tolerance. In such circumstances, Diversify will have the authority to establish, modify, or terminate relationships with third parties, which may include affiliates of the Adviser, third-party managers, or subadvisors, who may be retained to perform any of the duties or obligations of Diversify under the Investment Management Agreement. Diversify will also have the authority to perform any and all other acts in its judgment



necessary or appropriate for the management of the Client's account or are necessary to enable Diversify to carry out its obligations under the Investment Management Agreement without obtaining the prior approval or direction of the Client.

Diversify offers the following strategies to its clients on the DMS Platform:

### ***Diversify Strategies***

Internal strategies that range from passive to active. The Diversify Allocator series has five strategies ranging from Conservative (20/80) to Aggressive (100/0) in 20% increments. The Allocator series provides highly efficient, cost effective, and broadly diversified exposure to the global public markets using a suite of exchange traded funds (ETFs). The Diversify Elements series provides specific portfolio solutions or aims to complement other allocations. The Elements series has strategies in each of fixed income, equity, and alternative investments. The Diversify SMA series provides customized, direct ownership to actively managed equity and fixed income strategies.

#### **Alternative Investment Strategies:**

Exposure to Alternative Investments across Private Real Estate, Private Credit, Private Equity, and Structured Notes. These strategies include standalone fee-based private placements, SMA strategies that hold underlying interval funds, and SMA strategies of Structured Notes.

#### **Third Party SMA Strategies:**

Utilizing a curated list of best-in-class third party strategists using model delivery execution. Third party strategists are derived from Orion Communities and offer access to models for fixed income, equities and alternatives.

#### **UMA Strategies:**

Multi-asset class unified managed accounts that bring together internal and external SMA strategies into one model portfolio. These UMA strategies range from Conservative (20/80) to Aggressive (100/0) in 20% increments. The Signature series includes some Diversify internal equity SMAs in some segments of the market, whereas the Advantage series uses exclusively third-party SMAs for the equity component.

#### **DRIP Strategy:**

Strategy is designed for clients currently in or entering retirement desiring a portfolio designed to derive income from investments. On occasion, this strategy can also be utilized with clients not in retirement but need income.

#### **Custom Bond Ladder:**

Utilizing custom bond ladders, holding individual investment grade bonds that typically span maturities of 1-5 years. Bond ladders are available in Corporate, Municipal, Treasury, and blended sectors depending on the account type, the client's tax bracket and state of residency, unique goals, and risk tolerance.

#### **Short-term Cash Management:**

This strategy is designed to provide direct ownership of short-term investment grade securities with maturities of one year or less. The portfolio is structured as a rolling 12-month ladder with quarterly maturities, or it may be customized to meet an investor's specific maturity preferences. By default, the ladder is constructed using U.S. Treasuries, but the portfolio can be customized to accommodate an investor's tax sensitivity by using Municipal Bonds in place of U.S. Treasuries.

### **Risk of Loss**

Please be aware that investing in securities involves risk of loss that you should be prepared to bear. Diversify does not represent or guarantee that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. Diversify also cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future results. All investments involve risk, including the potential loss of initial capital invested. Investors face risks including, but not limited to, the following:

### **Market and Economic Risk**

This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to changes in economic and market conditions. The value of a security held in an account may change in response to developments affecting entire economies, markets, or industries, including changes in interest rates, political and legal developments, changes in Federal Reserve policy, and general market volatility.

### **Interest Rate Risk**

This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

### **Liquidity Risk**

This is the risk that a lack of demand in the marketplace, or other factors, may result in an inability to sell some or all of the investments promptly, or only being able to sell investments at less than desired prices. In some cases, no secondary market for a security exists, making the security completely illiquid.

### **Credit Risk**

This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

### **Inflation Risk**

This is the risk that the value of assets or investment income will decrease as inflation decreases the purchasing power of a currency.

### **Margin Risk**

Margin trading involves interest charges and risks, including the potential to lose more than deposited or the need to deposit additional collateral in a falling market. A margin transaction occurs when an investor uses borrowed assets by using other securities as collateral to purchase financial instruments. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Firm in the management of a client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Firm will generally be increased, unless accounts hold options, in which case the fee may be decreased under certain market conditions. As a result, in addition to understanding and assuming the additional principal risk associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin will correspondingly increase the advisory fee payable to the Firm.

## **Material Risks Associated with Specific Security Types**

Diversify provides advisory advice and services for several security types including mutual funds, equities, bond funds, real estate securities, private equity, and ETFs. As previously mentioned, all investments involve some degree of risk. The risks associated with investing in stocks and mutual funds, and overweighting small company and value stocks, may potentially include increased volatility (up and down movement in the value of your assets) and possible loss of principal. Small cap stocks may be less liquid than large-cap stocks. Foreign securities involve additional risks including foreign currency changes, taxes, and different accounting and financial reporting methods.

**Closed-end mutual funds**, like open-end mutual funds, involve general market risk. Risk associated with closed-end funds also includes liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage.

**Bond funds** have their own terms, interest rates, and maturity dates. As such, bond funds are subject to very specific risks such as price fluctuation (interest rate risk), credit risk, opportunity cost risk, inflation risk, call risk, reinvestment risk, rating downgrades, liquidity risk (mostly corporate bonds), and default risk.

**Exchange Traded Funds (ETFs)**, like other investment types, have their own specific risks which include, but are not limited to, market risk, liquidity risk, concentration risk, interest rate risk (bond ETFs), foreign investment risk, tracking error risk, index matching risk, narrowly focused ETF risk, as well as the cost of fees, commissions, and transactional costs.

**Leveraged or inverse ETFs** have heightened levels of risk as they seek to return multiples of the performance of whatever index or benchmark they are tracking. They may be less tax-efficient and may have higher costs. Leveraged or inverse ETFs are complex products requiring a high degree of investor sophistication.

**Alternative and Illiquid complex products** have similar risks as other investments but these products present additional liquidity risk based on the terms of the investment which could result in limited or no access to the investors original capital investment. In addition, these products can contain concentration and diversification risks depending on the underlying strategy of the investment. For each alternative investment, the Client will be provided a prospectus or private placement memorandum prior to making the investment. The prospectus/private placement memorandum contains detailed information about the investment, including background and experience of the fund manager, track record of the sponsor, investment strategy and objective, fees and expenses, and risk factors. Clients are encouraged to carefully review the disclosures in the prospectus/private placement memorandum prior to making the investments.

**Structured Notes** Structured products are designed to facilitate highly customized risk return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates, or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation. Investment in structured products includes significant risks, including valuation, liquidity, price, credit, and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency. Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high-investment grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

**Interval Funds** are a type of closed-end fund that is not listed on an exchange that periodically offers to repurchase a limited percentage of outstanding shares, as defined in its prospectus, from its shareholders. Interval funds can provide investors with access to less liquid investment strategies than open-end funds in an attempt to enhance risk-adjusted returns and can be used as an alternative source of return and/or income. Interval funds are typically complex, lack transparency, have increased costs associated with the investment and are not considered liquid. Investors are encouraged to read the prospectus for additional information related to the fund.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Diversify, the advisory firm, does not have any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of its advisory business or the integrity of its management.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Co-Branded Investment Adviser Representatives**

Our firm offers services through our investment adviser representatives ("IARs"). Some of our IARs conduct business under trade names ("Doing Business As" or "DBA") and their respective logos are used for marketing purposes. These DBAs may appear on marketing materials and/or disclosure statements and client statements. The IARs are employed by and subject to the supervision of Diversify and the advisory services provided by the IAR are conducted through our firm. These arrangements described above with various entities may change from time to time but are listed in Schedule D of Diversify's Form ADV Part 1, which can be found at <https://adviserinfo.sec.gov/>.

### Broker Dealer Affiliation

Certain Diversify IARs are also registered as securities representatives (broker-dealer agents) through a separate, affiliated broker-dealer, DFIG Investments, LLC. These IARs may recommend securities, variable annuities, or other investment products that could potentially generate commissions and other forms of compensation rather than generating advisory fees. Clients should be aware that the receipt of broker-dealer commissions and other forms of compensation will create a conflict of interest that will impair the objectivity of the persons making the recommendations. However, Diversify does not permit its IARs to earn commissions or markups on securities and insurance purchased or sold when advisory fees are charged for management of the same assets.

### Insurance Affiliations

Various IARs of Diversify are also insurance agents/brokers of Diversify Insurance, Inc. (affiliated companies), and/or another insurance agency. In this capacity, IARs of Diversify may also recommend insurance products and receive normal insurance transaction income. As a result, a conflict of interest similar to that described above will arise. Diversify Insurance, Inc. and Diversify Wealth Management, LLC are under common control.

### Alternative Investment Program Affiliation

Certain members of the Diversify's management also have an ownership interest in Wade Read Capital, LLC, an exempt reporting investment adviser that maintains alternative investment program(s) that may be offered to you by your Diversify investment adviser representative. Mr. Ryan Smith retains the position as Principal of the firm. While these programs are not owned directly by Diversify, the fact that the programs are offered as well as managed by members of the Diversify management creates a conflict of interest when such programs are offered to clients in lieu of other similar programs which are not directly owned or managed by Diversify.

Diversify believes it is both prudent and necessary that our clients are aware of such a conflicts of interest and have taken certain steps to mitigate the conflict by (1) ensuring that these members of the Diversify ownership group do not vote as part of the investment committee when deciding if these programs are offered to the public via Diversify's investment strategy; (2) ensuring that a detailed disclosure document explaining the conflicts is delivered to each client prior to making an investment in these programs; and (3) monitoring all recommendations being made by its IARs as it pertains to these programs in an effort to mitigate any related conflicts.

## ITEM 11 – CODE OF ETHICS

Diversify has adopted a Code of Ethics ("COE") for all supervised persons of the Firm describing its high standard of business conduct and fiduciary duty to its Clients. Diversify IARs are required to follow Diversify's COE. The COE includes the following:

- A duty to place the Client's needs above their own, as fits their fiduciary responsibility;
- The confidentiality of Client information;
- A prohibition on insider trading;
- Restrictions on the acceptance of significant gifts; and
- Personal securities trading procedures.

All supervised persons at Diversify must acknowledge the terms of the COE annually, or as amended.

IARs of Diversify hold investment positions in their personal accounts that Diversify also recommends Clients or prospective Client's purchase. Subject to satisfying this policy and applicable laws, officers, directors, and employees of Diversify and its affiliates may personally invest their own funds using the same or similar strategies recommended to Clients. Diversify believes that this practice helps to align its interests more closely with that of its Clients.

The COE is designed to assure that the personal securities transactions, activities, and interests of the employees of Diversify will not interfere with (i) making decisions in the best interest of advisory Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the COE, certain classes of securities have been designated as exempt transactions based on a determination that these would not materially interfere with the best interest of Diversify's Clients.

In addition, the COE restricts trading in close proximity to Client trading activity. Nonetheless, because the COE in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee.

In addition, a conflict could exist in extreme circumstances wherein an IAR purchases or sells a security and recommends the purchase or sale of that security to his or her Clients, thereby artificially creating interest and driving the price of the subject security up or down. While this practice known as “front-running” is difficult to accomplish practically unless a significantly high volume of securities transactions is undertaken, front-running is in direct violation of the rules, regulations, and guidelines of the SEC. Furthermore, it is unethical and is prohibited by Diversify. Diversify monitors and reviews the outside brokerage accounts and securities transactions of its advisers in an effort to ensure that no client is disadvantaged by the associated person’s personal trading.

Diversify requires that its associated persons provide annual securities holdings reports and quarterly transaction reports to Diversify’s Compliance Department for review and comparison against similar client transactions.

Diversify does not sell securities held in its own accounts to Clients.

Diversify Clients or prospective Clients may request a copy of the firms’ COE by contacting the firm’s Compliance Department at 801-221-2939.

### **ITEM 12 – BROKERAGE PRACTICES**

Diversify typically recommends that Clients establish an account with Charles Schwab & Co., Inc. (“Charles Schwab”), RBC, Fidelity, to maintain custody of Clients’ assets and provide other brokerage services. Diversify’s goal is to streamline procedures and achieve operational efficiencies for the Client’s benefit utilizing Charles Schwab, Fidelity, and RBC’s services. However, it is possible that the practice of recommending Charles Schwab, Fidelity, and RBC as custodians results in higher execution costs for Client transactions than could potentially be charged by another firm. While Diversify strives to achieve best execution for Client transactions and act in the Client’s best interest at all times, a conflict will nonetheless exist.

Though Diversify does not recommend the services of Equity Trust Company (“ETC”) any longer, they still maintain certain legacy accounts on behalf of Diversify client.

### **Soft Dollar Benefits**

Charles Schwab, Fidelity, ETC, and RBC make available to Diversify other products and services (“soft dollar benefits”) that benefit Diversify but may not benefit its Clients’ accounts. Some of these other products and services assist Diversify in managing and administering Clients’ accounts. These include software and other technology, allocation of aggregated trade orders for multiple Client accounts, research, pricing information and other market data, facilitation of payment of Diversify’s fees from its Clients’ accounts, and assistance with back-office functions, record keeping, and Client reporting. Many of these services are used to service all or a substantial number of Diversify’s Clients’ accounts.

Charles Schwab, Fidelity, ETC, and RBC also make available to Diversify other services intended to help Diversify manage and further develop its business enterprise. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. Fidelity, Charles Schwab, ETC and RBC also make available, arrange, and/or pay for these types of services rendered to Diversify by independent third parties.

Charles Schwab, Fidelity, ETC, and RBC may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Diversify. Based on the availability of the aforementioned benefits and services, Diversify has an incentive to require that Clients use Charles Schwab, Fidelity, ETC, or RBC, which is a conflict of interest. While a conflict of interest exists, Diversify IARs always strive to act in the Client’s best interest.

It is likely that Diversify from time to time will affect securities transactions and pay a commission that exceeds the commission another broker-dealer would have charged. Price is not the sole factor considered in evaluating best execution. Diversify also

considers the quality of the brokerage services provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to its Clients and the Firm. In exchange for the level of quality this company provides, Clients may pay higher or lower commissions and/or trading costs than those that may be available elsewhere.

IARs, in their capacity as registered representatives of a broker-dealer, may suggest that Clients implement recommendations through Diversify's affiliated broker-dealer. IARs would not charge a brokerage commission in addition to their customary advisory fee. Clients are under no obligation to purchase or sell securities through Diversify's affiliated broker-dealer, and Clients have the right to take their business elsewhere.

### **Client Referrals**

Diversify from time to time receives referrals from its affiliated broker-dealer. Diversify benefits economically from such referrals and are conducted pursuant to an agreement and in compliance with Rule 206(4)-1 of the Investment Advisers Act of 1940 ("The Act"). Both the investment adviser and the affiliated broker-dealer have the common incentive to keep the various types of securities business within the same organization of affiliated companies. A conflict of interest is created in that the Client may pay higher fees and/or commissions than it would if they utilized another firm. The Client is, of course, under no obligation to utilize any of the services of Diversify and its affiliated persons, and Clients have the right to take their business elsewhere.

### **Directed Brokerage**

Diversify recommends, that the Client execute transactions through Charles Schwab, Fidelity, ETC or RBC, due to the benefits these entities provide, such as their access to products, markets for securities being traded, and execution capabilities. A conflict of interest is created in that it may be possible for a Client to pay less fees and/or commissions at another firm. While Diversify IARs always strive to act in the Client's best interest, a conflict will nonetheless exist.

Where practical and in the interest of best execution, orders to buy or sell a particular security that are placed through Diversify may be aggregated with other orders and executed as a "batch" order. With respect to the allocation of trades, Diversify shall not favor any account over any other and purchase or sale orders executed contemporaneously shall be allocated in a manner it deems equitable among the accounts involved. In some cases, prevailing trading activity may cause Diversify to receive various execution prices on the entire volume of any security sold for the accounts of its clients. In such cases, Diversify may, but shall not be obligated to, average the various prices, and charge or credit the Client's account with the average price, even though the effect of this aggregation of price may sometimes work to the disadvantage of the account. When a "batch" order is only partially filled, the securities purchased will be allocated to the underlying accounts on a prorated basis or in a manner deemed equitable by Diversify. The IAR shall not receive any additional compensation or remuneration as a result of the aggregation of orders.

In no event is Diversify obligated to effect or place an order for any transaction for the Client that Diversify believes would violate any applicable state or federal law, rule, or regulation, or of the regulations of any regulatory or self-regulatory body to which Diversify or any of its affiliates is subject to at the time of the proposed transaction.

### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client.

In cases where the client causes a trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction.

In all situations where the trade error is caused by Diversify, the client will be made whole, and we will absorb any loss resulting from the trade error. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. Trade errors that result in a gain will be processed in the Firm's trade error account at the custodian. Trade errors are aggregated for a net gain or loss at the end of each month. Therefore, it is prudent to understand that gains created due to trade errors will be used to offset trade error losses. At the end of the period, any gains remaining in the trade error account will be donated to charity.

## **ITEM 13 – REVIEW OF ACCOUNTS**

Client accounts are reviewed at regular intervals. Reviews of investment accounts typically look at portfolio consistency with regards to your risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. Reviews also consist of covering account holdings, transactions, charges, and performance as provided on such statements and other account reports. For Financial Planning and consulting clients, reviews are periodic and generally at the client's request.

Accounts are periodically reviewed by the IAR to ensure consistency with the Client's stated. Investment objective, risk tolerance, time horizon, and asset allocation. The IAR will inquire into changes in financial situations that may prompt changes to any of the above items. These reviews may take place in person, virtually, by phone and on rare occasions, through the mail. Generally, performance reports and metrics are provided in written illustrative or as a narrative displaying progress and potential changes to align with the Client's goals.

TD Ameritrade, Charles Schwab, Fidelity, RBC, or the IAR may provide you with additional account review reports. Comparisons to market indices and account performance may be used to evaluate account performance in connection with these review reports. Information in these account review reports may be provided by Clients or third parties. Diversify does not independently verify information provided by a custodian, Client, or other third party, nor does Diversify guarantee the accuracy or validity of such information. Diversify is not liable in connection with its use of any information provided by a Client, a custodian, or other third party in the account review reports. Diversify encourages the Client to review the statements from the custodian(s) for accuracy and inform Diversify if there are inconsistencies.

The foregoing information contained within Item 13 notwithstanding, it should be noted that Diversify does not hold client funds or securities. Client accounts are held and maintained exclusively with a qualified custodian.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **Client Referrals**

Diversify has entered into referral arrangements pursuant to Rule 206(4)-1 under the Advisers Act, which compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by Diversify. Diversify discloses these referral arrangements to affected clients, and any compensation agreements in order to comply with Rule 206(4)-1. Promoters introducing clients to Diversify will receive compensation from Diversify in any of the following forms: a retainer, a flat fee per referral, a percentage of introduced assets as well as non-cash compensation such as reciprocal referrals or gifts and entertainment. Such compensation is paid pursuant to a written agreement with the promoter and can be terminated by either party pursuant to the terms of the agreement.

Diversify has entered into agreements where it refers clients to third-party investment advisers. These arrangements are considered part of the "OMS" advisory platform described above. The Client signs an Investment Management Agreement ("IMA") with Diversify and the third-party manager and remains a client of Diversify. Per the IMA, Diversify maintains the authority to hire and fire the third-party manager and will monitor the manager's performance. The third-party manager bills the account, and a portion of the fee is paid to Diversify, as outlined and agreed to by the client in the Diversify IMA.

### **Third Party Compensation**

In some instances, Diversify receives economic benefit from someone who is not a Client for providing investment advice or other advisory services. This would include but is not limited to technology providers and other such service providers that our IARs may contract with to operate their separate business entity. In addition, IARs may receive benefits from third parties in the form of reasonable and limited business entertainment for which Diversify believes the benefit realized is negligible as does not present a significant conflict of interest.

## Due Diligence and Sponsor Compensation

Diversify receives a due diligence fee from sponsors of certain products. This fee is to compensate Diversify for due diligence work conducted by Diversify on these products. These fees are paid directly to Diversify and are not shared with the IAR. This creates a conflict of interest in Diversify that the investor should be aware of.

Diversify receives direct and indirect compensation from sponsors who offer investment products recommended to advisory clients. These include payments directly to Diversify to sponsor the firm's annual conferences as well as direct and/or indirect payments to cover expenses associated with client seminars, business promotional events, or other educational events. These payments represent a conflict of interest as Diversify may be incentivized to recommend one sponsor's product over other sponsors who may not participate in such conferences or events. In an effort to mitigate these conflicts, Diversify does not require issuers to participate in conferences, seminars or any other business or client events. Furthermore, the availability of their product to Diversify IARs and clients is in no way contingent upon such participation. Diversify also strives to ensure products and services recommended are in the client's best interest.

Diversify also receives economic benefit for referring our high-net-worth clients to other advisers to consult on various matters related to the clients' financial well-being, other than investment management. This type of consulting includes but is not limited to employee benefits, executive compensation, and business growth strategy. These referral arrangements are conducted pursuant to a written agreement that outlines the compensation to be paid, services to be rendered and required disclosure.

## Other Compensation

As previously described in **item 10**, Diversify's IARs are also registered representatives of an affiliated broker dealer as well as insurance agents, whereby they receive separate and customary compensation in those capacities. Diversify offers a range of investments and services to its clients. As you work with your investment adviser representative to determine the right investments and services to achieve your investment goals, it is also important for you to understand how Diversify and your investment adviser representative are compensated. Certain forms of compensation can create conflicts of interest, and it is important for you to assess these conflicts of interest when making investment decisions.

Diversify maintains policies and procedures to ensure recommendations are suitable and require that investment adviser representatives always act in your best interest. We also maintain a supervisory structure to monitor the advisory activities of your investment adviser representatives to reduce potential conflicts of interest. You are encouraged to ask us about any conflict presented.

## Recruiting and Transition Assistance

To assist in the costs of transitioning from another registered investment adviser, we provide various benefits and/or payments to certain investment adviser representatives that are newly associated with Diversify. The proceeds of the transition assistance payments are intended to be used for a variety of purposes, including but not limited to, providing working capital to assist in funding the investment adviser representative's business, satisfying outstanding debt owed to the investment adviser representative's previous firm, technology set-up fees, marketing and mailing costs, stationery, and licensure transfer fees, moving expenses, office space expenses, and staffing support. The amount of transition assistance is generally based on the size of the representative's business established at his or her prior firm. This assistance is generally in the form of loans to the investment adviser representative and are forgiven by us based on the years of service with Diversify. The receipt of the recruiting and transition assistance creates a conflict in that the representative has a financial incentive to recommend a client open and maintain an account with Diversify.

## Forgivable Loans

Diversify provides loans to certain investment adviser representatives as an incentive to establish, maintain, or expand their brokerage and advisory relationships. The repayments of such loans are typically dependent on the financial professional retaining affiliation with us through the end of the loan period. These loans create a conflict of interest for the financial professional to retain



affiliation with the firm in order to avoid repayment of the loan.

## **ITEM 15 – CUSTODY**

### **Advisory Fee Debit**

Diversify does not maintain direct custody of Client assets, meaning that Diversify does not physically hold Client funds or securities, nor maintain the authority to possess or access them. However, certain regulatory agencies or securities divisions have deemed that Diversify does maintain limited custody by virtue of the discretionary authority that Diversify maintains over some Client accounts, such as its ability to make withdrawals from Client accounts to pay its Advisory Fee.

Pursuant to the aforementioned limited custody, Diversify (1) maintains written authorization from the Client to deduct advisory fees from the account held with the qualified custodian, and (2) and sends the qualified custodian an invoice or statement of the amount to be deducted each time a fee is directly deducted from a Client account, depending on the Platform selected.

Clients should be aware that they should receive account statements directly from a broker-dealer, bank, or qualified custodian, at least quarterly, other than Diversify, and that Clients should review those statements very carefully.

### **Standing Letters of Authorization (“SLOA”)**

Diversify is deemed to have custody of clients’ funds or securities when you have standing authorizations with their custodian to move money from your account to a third-party (“SLOA”) and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect your assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client’s independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact Diversify or the qualified custodian preparing the statement.

## **ITEM 16 – INVESTMENT DISCRETION**

IARs of Diversify provide advisory services on a discretionary or non-discretionary basis. Clients grant this discretion in their Investment Management Agreement with Diversify. In cases where Diversify has discretionary authority, Diversify has the authority to determine the type, amount, and the broker-dealer to be used for the purchase or sale of securities for a Client’s account. This discretion is limited to trading within an account and does not include the ability, access, or authorization to move assets out of an account; transfers between like registrations and account owners are permissible upon client approval. Diversify will also have the authority to retain third parties or sub-advisors to perform any of the duties or obligations of Diversify under the Investment Management Agreement.

In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the Client account. Any other limitations on the discretion will also be set forth in the Investment Management Agreement.

Clients may impose limitations or restrictions on investing in certain securities or types of securities. However, Diversify reserves the right not to enter into a contract with a prospective Client, or to terminate an agreement with an existing Client, if the proposed limitation or restriction is likely, in Diversify’s opinion, to impair its ability to effectively provide services to the Client. Clients wishing to impose limitations or restrictions on investing in certain securities or types of securities may do so by providing specific written instructions as to the limitation or restriction to their IAR. This is generally accomplished using Diversify’s Investment Management Agreement, in the Guidelines and Restrictions section.

Clients selecting non-discretionary portfolio/investment management dictate that Diversify’s recommendations and investment decisions must be preceded by approval from the Client.

## **ITEM 17– VOTING CLIENT SECURITIES**

As a matter of Firm policy and practice, Diversify does not have any authority to and does not vote proxies on behalf of advisory Clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in Client portfolios. Clients will receive proxies directly from their custodian or transfer agent. Should Diversify inadvertently receive proxy information for a security held in Client's account, then Diversify will immediately forward such information on to Client but will not take any further action with respect to the voting of such proxy. Under certain circumstances, when the Client specifically requests such advice, Diversify will provide general advice to Clients regarding the Clients' voting of proxies. Diversify reserves the right to vote proxies on a case-by-case basis, according to the types of services provided. This direction will be documented in the Client's written agreement with Diversify.

## **ITEM 18 – FINANCIAL INFORMATION**

Diversify has not attached a balance sheet for its most recent fiscal year because Diversify has determined it does not maintain custody of Client funds or securities, nor does Diversify require prepayment of more than \$1,200 in fees per Client, six months or more in advance.

Diversify does not foresee any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients. In addition, neither Diversify nor any of its officers or management persons has been the subject of a bankruptcy petition at any time during the past ten years.

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