

## Item 1: Cover Page

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# **Diversified Resources, LLC**

## **Form ADV Part 2A**

### **Investment Adviser Brochure**

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Warwick, RI 02888  
(401) 941-1500  
[www.DivRes.com](http://www.DivRes.com)

April 2024

This Brochure provides information about the qualifications and business practices of Diversified Resources, LLC (“we,” “us,” “our”). If you have any questions about the contents of this Brochure, please contact Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer at (401) 941-1500 or [karen@divres.com](mailto:karen@divres.com).

Additional information about our Firm is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

We are a registered investment adviser. Please note that use of the term “registered investment advisor” and a description of the Firm and/or our employees as “registered” does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2: Summary of Material Changes

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### **Annual Update**

In this Item of Diversified Resources, LLC's (Diversified Resources or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment.

Since our last Annual Amendment filing on March 06, 2024, the Firm has no Material Changes to report.

### **Full Brochure Available**

Diversified Resources, LLC's Form ADV may be requested by contacting Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer at (401) 941-1500 or [karen@divres.com](mailto:karen@divres.com).

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## Item 4: Advisory Business

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Diversified Resources, LLC was founded in 1983 and has been a registered investment advisor since 1993. We are also a broker-dealer, registered with the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Regulatory Board (MSRB) and the Securities Industry Protection Corporation (SIPC). The Firm is owned by Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer.

We currently offer investment management services through a custom asset allocation program and a third-party adviser, SEI Investment Management Corporation (SEI) whose Custodian is SEI Private Trust Co. (SPTC). We also offer holistic financial planning services.

Diversified Resources, LLC (us, we or our) offers broad-based, modular, and consultative financial planning services, as well as investment management services to you (you; your, which will refer to you and/or your spouse or partner), based on your individual and family needs. To determine the direction of our advice, you may be asked to complete our proprietary Confidential Fact Finder, risk tolerance quiz and/or our proprietary Retirement Income Questionnaire, which will help to identify your financial goals and objectives and to list your liquid, non-liquid, tangible and intangible assets. Investment plans are based on your financial situation at the time we present the plan to you, and on the financial and personal information you provide to us.

### **Portfolio Management**

We offer discretionary portfolio management services whereby our investment advice is tailored to meet your needs and investment objectives. If you retain our Firm for portfolio management services, we will initially meet with you to determine your investment objectives, risk tolerance and other relevant suitability information. We will develop a strategy that will enable our Firm to give you continuous and focused investment advice and to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investment objectives. We may also invest your assets in one or more model portfolios developed by our Firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis and may rebalance the portfolio as required by changes in market conditions.

We offer portfolio management services through the SEI Asset Management Program (the Program).

### **SEI Private Client Program**

We provide our discretionary portfolio management services using our *Private Client Program*. In our *Private Client Program*, we primarily invest your assets in mutual funds and/or exchange-traded funds (ETFs) and such portfolios are comprised of a mix of asset classes which may be based on one or more model portfolios. However, you may wish to transact in other types of

securities, such as individual stocks and fixed-income securities, through this account. Under these circumstances, we will invest in these types of securities only upon specific direction from you. Moreover, choosing to purchase/sell these types of securities in our *Private Client Program* may cause the portfolio's percentage weightings in certain assets classes to be over- or under-weighted. As a result, you may be exposed to more (or less) risk and may experience larger (or smaller) performance returns in your account.

We require you to grant our Firm discretionary authority to manage your account. Discretionary authorization will allow our Firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our Firm with your restrictions and guidelines in writing.

**SEI Trust Private Trust Company** may rebalance the investments within your account(s) at the end of each calendar quarter (unless you choose an alternative rebalancing date, or decide to not have the account rebalanced), so that the market value in each asset class in the account(s) is within the normal weight range. You realize and understand that rebalancing in a taxable (non-retirement) account will create a taxable loss or a taxable gain.

If you are in a specific investment model and we feel at some future date that it would be appropriate, beneficial and timely to make an adjustment to that model for all of our clients who are in it, you agree to give us authority to do so. This would not change the percentage in your model. For example, if your investment model was 70% Global Stocks & 30% Global Bonds and Cash, we would not change that percentage blend without obtaining your approval, but within that blend (as an example) you held 4% in a particular bond fund and we saw more (or less) opportunity in that fund for you going forward and commensurate with your overall goals, you agree to give us authority to change that fund for another bond fund within or outside of SEI's fund selection and/or to raise or lower that percentage providing we stay within the investment model percentages. There are no sales charges or commissions payable to us or to SEI by making that adjustment. In a non-retirement taxable account an adjustment like this, just as with the periodic rebalancing of your portfolio(s), will create a taxable gain or taxable loss.

For those SEI Funds which employ the 'manager of managers' structure, SEI Investments Management Corporation (SIMC) has ultimate responsibility for the investment performance of the Funds due to its responsibility to oversee the sub-advisers and recommend their hiring, termination and replacement. SIMC is the advisor to the SEI Funds, which are distributed by SEI Investments Distributions Co. (SIDCO). Custody services are provided by the SEI Private Trust Company (SPTC), a federally chartered limited purpose savings association. SIMC, SIDCO and SPTC are wholly owned subsidiaries of SEI Investments Company. Neither SEI nor its subsidiaries are affiliated with Diversified Resources, LLC.

### **Financial Planning**

If you require advice on a single aspect of the management of your financial resources, we offer

financial plans in a modular format and/or general consulting services that address only those specific areas of concern. These areas may include, but are not limited to, retirement planning, education planning, insurance and risk management, income tax planning, business planning, portfolio review and asset allocation, estate planning, and/or financial decision making/negotiation.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our Firm. You must promptly notify our Firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan with us or use any of the financial services or products we offer. You may act on our recommendations through any other brokerage Firm, investment advisor, or provider of investment or insurance products.

### **Tailored Advice**

We tailor investment management services to the unique needs of each client.

### **Fiduciary Statement**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act, ("ERISA") and/or the Internal Revenue Code, ("IRC"), as applicable, which are laws governing retirement accounts.

We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. We must take into consideration each client's objectives and act in the best interests of the client. We are prohibited from engaging in any activity that is in conflict with the interests of the client. We have the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances, and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have a reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

Regulations prohibit us from:

- Employing any device, scheme, or artifice to defraud a client;
- Making any untrue statement of a material fact to a client or omitting to state a material fact when communicating with a client;
- Engaging in any act, practice, or course of business which operates or would operate as fraud or deceit upon a client; or
- Engaging in any manipulative act or practice with a client.

We will act with competence, dignity, integrity, and in an ethical manner, when working with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

### **Wrap Fee Programs**

We may recommend Wrap Fee Programs when they are suitable for the client.

Through our relationship with SEI Investment Management Company (SIMC) we offer Managed Account Solutions (MAS) and Distribution Focused Strategies (DFS). They are wrap fee programs which charge a bundled fee that includes advisory, brokerage and custody services. MAS and DFS are subject to a separate administrative fee that is not part of the bundled fee as explained in SIMC's wrap fee program brochure. The wrap fee brochure can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). All fees are disclosed prior to account application.

Under MAS and DFS, SIMC enters into a tri-party investment advisory agreement (Managed account agreement) with Diversified Resources, LLC and the Client, which provides for the management of Client assets allocated to MAS and DFS, in accordance with the terms of the Managed Account Agreement. Pursuant to the Managed Account Agreement, the Client appoints Diversified Resources, LLC as its investment advisor to assist the Client in selecting an appropriate asset allocation strategy and selecting available sub-advisors that have been assigned to the strategy by SIMC. The Client appoints SIMC, through its manager-of-managers structure, to manage the assets in each portfolio in accordance with the strategy selected by the Client together with Diversified Resources, LLC.

### **Assets Under Management**

Diversified Resources, LLC has \$209,109,584 under management as of December 31, 2023. All assets under management are managed on a discretionary basis.

## Item 5: Fees and Compensation

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### **Portfolio Management**

We are compensated as a percentage of our assets under management. This allows us to provide our clients with product-neutral recommendations across all facets of the investment management relationship.

Our fees for portfolio management services are based on a percentage of your assets as follows:

<b>Assets Under Management</b>	<b>Annual Fee</b>
Less than or equal to \$1,500,000	1.00%
Next \$1,000,000	0.75%
Over \$2,500,000	0.40%

The qualified custodian holding your funds and securities will debit your account directly for the advisory fees. Where your account is debited directly for the advisory fee, you will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver a quarterly account statement directly to you. You are encouraged to review your account statements for accuracy.

Our annual portfolio management fee is calculated and deducted from your account quarterly, in arrears, based on the value of your account on the last day of the calendar quarter. The fee schedule listed above reflects the fees charged by our Firm for the management of the assets held in your account. This fee does not include any transaction charges or other fees imposed by the account custodian, or any of the expense charges by the individual securities, mutual funds or the ETFs purchased for your account. Fund expenses are fully disclosed in the fund prospectus provided to you by the custodian.

If you execute an investment management agreement at any time other than the first day of a calendar quarter, our fees will apply on a pro-rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. If you close your account prior to the end of a calendar quarter, we will be entitled to pro-rata fees on such withdrawal.

In certain circumstances, and in the Firm's sole discretion, fees, account minimums and payment terms may be negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low-cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.



At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in you paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

There may be additional fees charged by the Custodian for the purchase or sale of ETFs or individually issued securities. We do not participate with the Custodian in any of these additional fees.

Diversified Resources, LLC, while acting as a Registered Investment Adviser, does not earn commission compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

#### **Portfolio management services through SEI Asset Management Program**

SEI Investments Management Corporation (SEI) acts as a co-advisor, along with Diversified Resources, LLC in the Managed Accounts, Tax-Controlled, Distribution-Focused Strategies (DFS), Tactical ETF Strategies and Solicitor Model Programs. As Co-Advisor they are required to make sure that Diversified Resources, LLC meets with the end investor annually to ensure that the investments in these programs continue to be suitable for them.

SEI's managed account solutions consists of specialist money managers managing individual portfolios based on a specific investment style. Representing the full spectrum of asset classes and styles, the managers provide stock selection expertise within their specific investment style. For those portfolios of individually managed securities, SEI Investment Management Corporation (SIMC) makes recommendations as to which manager will manage each asset class. SIMC may recommend the termination or replacement of a money manager and the investor has the option to move the account assets to another custodian or to change the manager as recommended.

SEI is a co-advisor for these programs and there are additional program fees to participate which are assessed by SEI. SIMC's fees are a percentage of the daily market value of the Client's managed account portfolio assets. SIMC's fees are calculated and payable quarterly in arrears. This fee may be reduced by eligible breakpoints and fee waivers which are in whole or part based on SIMC's relationship with the firm. The maximum fee a client will pay to SEI is 1.25%. All fees are disclosed prior to account application. Please see SIMC's Form ADV Part 2A Independent Advisor Solutions by SEI for a full disclosure of the fee schedule.

#### **Financial Planning**

In limited circumstances, when you wish to contract with us to do a financial or investment plan with no consideration given by you to do any further implementation business with us, upon your approval, we may contract with you to design the "plan." Generally, our planning fee is \$225 per hour, or it may be a fixed fee, ranging between \$250 and \$3,000, depending on the

complexity of the plan.

Financial planning fees are due in advance; typically, a portion or the entire fee; however, under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered. At our discretion, we may offset the planning fee.

**Compensation for the Sale of Securities or Other Investment Products**  
**Broker-Dealer Registered Representatives**

Our Firm is also a broker-dealer registered with the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Regulatory Board (MSRB) and the Securities Industry Protection Corporation (SIPC). Persons associated with our Firm who provide investment advice are registered representatives. We may receive dealer concessions in connection with the purchase and sale of certain transactions, which includes but is not limited to, the purchase and sale of 529 college savings plans and securities, including 12(b)1 fees for the sale of investment company products, as well as variable annuities. Compensation earned by our Firm and registered representatives is separate and in addition to our advisory fees. This practice may present a conflict of interest because persons providing investment advice on behalf of our Firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions, rather than solely based on your needs.

We may recommend that you purchase variable annuities. Some of the reasons we may recommend the purchase of annuities to provide tax deferral or to potentially guarantee a future income that the client cannot outlive. Annuities can provide a “pension-like” income that traditional investments cannot provide. It is important to note that annuity guarantees are made by the insurance company issuing the annuity contract and are not insured by the federal government, any governmental agency or our Firm. Therefore, the strength of the insurance company issuing the product is of utmost importance. In addition, the features and benefits provided in an annuity product (especially variable annuities) can be expensive compared to other investment options available to you. The high cost associated with annuities can be considered to be a “premium” paid now, for the promise of guaranteed benefits in the future. It is also important to consider that annuities will lack the liquidity that may be present with other investment products. Insurance companies will typically charge a Contingent Deferred Surrender Charge (CDSC) for “early withdrawal” of money placed into an annuity, in addition to possible tax penalties.

Diversified Resources, LLC will research a number of (but not all) annuity products and will recommend what we believe to be the best annuity for your present and future financial situation at the time of the recommendation. You should refer to the variable annuity prospectus for information on risks, fees and other relevant details.

Because we earn a commission on the sale of annuities we recommended to you, we will not include the annuity accounts in the total value used for our advisory fee computation. We will offer to sell you an annuity only after you receive a prospectus disclosing the terms of the annuity and you have completed the Firm’s annuity disclosure form. You are under no

obligation, contractually or otherwise, to purchase annuities through our Firm or any person affiliated with our Firm.

### **Insurance Agents**

In addition, persons providing investment advice on behalf of our Firm may also be licensed as insurance agents. We will earn commission-based compensation for selling insurance products such as life, disability, fixed annuities, equity-indexed fixed annuities and long-term care insurance to you. Insurance commissions are separate and in addition to our advisory fees. The sale of insurance products and annuities presents a conflict of interest because persons providing investment advice on behalf of our Firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions, rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase any insurance product through our Firm or any person affiliated with our Firm.

### **Cash Balances**

Some of your assets may be held as cash and remain uninvested. Holding a portion of your assets in cash and cash alternatives, i.e., money market fund shares, may be based on your desire to have an allocation to cash as an asset class, to support a phased market entrance strategy, to facilitate transaction execution, to have available funds for withdrawal needs or to pay fees or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents will be subject to our investment advisory fees unless otherwise agreed upon. You may experience negative performance on the cash portion of your portfolio if the investment advisory fees charged are higher than the returns you receive from your cash.

### **Retirement Plan Rollover Recommendations**

As part of our investment advisory services to our clients, we may recommend that clients roll assets from their employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will advise on the client's behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts.

If the client elects to roll the assets to an IRA that is subject to our advisement, we will charge the client an asset-based fee as set forth in the advisory agreement the client executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to the client (i.e., receipt of additional fee-based compensation). Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if clients do complete the rollover, clients are under no obligation to have the assets in an IRA advised on by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in our clients' best interests and not put our interests ahead of our clients'.

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 our clients' 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 our clients' best interests;
- charge no more than a reasonable fee for our services; and
- give clients basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of a rollover. Note that an employee will typically have four options in this situation:

1. leaving the funds in the employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options have advantages and disadvantages which are taken into consideration when constructing the basis for our belief that the rollover transaction we recommend is in your best interest.

#### **Fees and Expenses (Mutual Funds Share Class)**

Funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes.

Diversified Resources, LLC, as an investment advisor, does not receive 12b-1 fees or any other compensation from mutual fund companies. The Firm's employees who are dually licensed as Registered Representatives have a financial incentive to recommend or select mutual fund share classes that have a 12b-1 fee because such share classes generally result in higher compensation through the broker-dealer. The Firm has taken steps to minimize this conflict of interest, including by providing its employees with guidance on this issue. The Firm also conducts periodic reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections. The review considers whether

alternative mutual fund share class selections are available that might be more appropriate given the client's individual investment objectives and any other appropriate considerations relevant to mutual fund share class selection. Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

The appropriateness of a particular fund share class selection is dependent upon a range of different considerations, including but not limited to: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of funds, operational considerations associated with accessing or offering particular share classes and the Firm's ability to access particular share classes through the custodian, share class eligibility requirements; and, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

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We do not participate in any form of performance-based fees or 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. Performance-based fees are fees that are based on a share of capital gains or capital appreciation in your account.

We do not share in capital gains or capital appreciation of the funds or of any portion of the funds of an advisory client.

## Item 7: Types of Clients

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We offer personalized portfolio management and financial planning services to individuals, high net worth individuals, corporations, pension and profit-sharing plans, trusts, estates, charitable organizations and other business entities. There is no stated minimum account size for opening or maintaining an account. We reserve the right to recommend that you do not open an account with us if we deem our platforms or management styles to be inappropriate for your goals.

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

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Our investment strategies and advice may vary depending upon each of your specific financial situations, goals, needs and requirements. We determine investments and asset allocation models based upon your predefined objectives, risk tolerance, time horizons, financial horizons, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may also affect the construction of your portfolio(s). Our strategies and investments may impact your income tax situation. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your account. Regardless of your account size or any other factors, we recommend that you continuously consult with a tax professional prior to and throughout the ongoing investing of your assets with this Firm.

### **Risk of Loss**

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

**All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although we manage assets in a manner consistent with your investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. You should be prepared to bear the following types of risk:**

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its



income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties (i.e., Non-traded REITs and other alternative investments) are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.
- **Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.

Mutual funds and Exchange Traded Funds (ETFs) are collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or of any combination. The fund typically has a manager or managers that trade the fund's holdings in accordance with its stated investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market or primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities or debt instruments (bonds)), rather than balancing the fund with different types of securities. Exchange Traded Funds differ from mutual funds since they can be bought and sold throughout the day like stocks and their price can fluctuate throughout the day. Mutual funds are valued at the end of each trading day and cannot be sold or purchased intraday. The returns on mutual funds and ETFs will be reduced by the costs to manage the funds. Generally, mutual funds are actively managed unlike ETFs which are passively managed. The methods we use in managing your assets involves a great deal of time and resources devoted to providing you with what we believe to be the most efficient and disciplined investment portfolio(s) available in today's investment markets. With our ability to access SEI Private Trust Company, we have available to us an investment platform that uses strategies which are well thought out and disciplined. Among the strategies we will use in your investment portfolios are ones that can help to minimize *non-essential risks* (all investment account risks other than the securities markets themselves). Among the methods of managing the *non-essential risks* found in all managed money investment portfolios are:

- **Hiring Quality Specialist Managers:** We will provide you with access to *institutional managers* only available to a small percentage of investors because of the minimum investments these companies require. Research is continuously conducted to find managers that are specialists with unique talents.
- **Rebalancing:** When appropriate, according to stated variances, your portfolio(s) will be rebalanced quarterly. As assets grow at different rates, the risk of a portfolio may unreasonably increase if not rebalanced.
- **Diversification:** We strive to create a diversified portfolio that achieves a balance between the risk tolerance of the client and the potential for financial reward. Diversification is a technique that can reduce risk by allocating investments among different securities, asset classes and geographic regions, in an attempt to limit exposure to any single asset or risk. This strategy is based on the premise that a portfolio constructed of different kinds of assets will, on average, yield higher long-term returns and lower the risk of any individual holding or security.
- **Long term perspective:** We discourage emotional trading and generally recommend riding out temporary market downswings. We believe that long term investing will provide better results than trying to time the market with tactical trading.

## Item 9: Disciplinary Information

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No legal or disciplinary event or events that would be material to a client's or prospective client's evaluation of our Firm's advisory business or management exist, either past or present. There is no order, judgment or decree permanently or temporarily enjoining, or otherwise limiting Diversified Resources, LLC or management person from engaging in any investment-related activity, or from violating any investment-related statute, rule or order.

There are no Investment Advisory Representatives of Diversified Resources, LLC who have been or are presently the subject of any order, judgment or decree permanently or temporarily enjoining, or otherwise limiting, from engaging in any investment-related activity, or from violating any investment related statute, rule or order.

## Item 10: Other Financial Industry Activities and Affiliations

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In addition to being a Registered Investment Advisor, Diversified Resources, LLC is a member of the Financial Industry Regulatory Authority, Inc. (FINRA) as a broker-dealer. As of January 2015, the sole Manager and Principal of the broker-dealer Firm is Karen J. Bacon. Diversified Resources, LLC has been a broker-dealer since 1993. Karen J. Bacon and John E. Cerilli are a Registered Representatives of Diversified Resources, LLC.

Diversified Resources, LLC is not registered and does not have an application pending as a futures commission merchant, commodity pool operator or commodity trading advisor.

We may, from time to time or concurrently, recommend financial products such as a Variable Annuity or a College Savings Plan (529) to you outside the scope of the relationship with Diversified Resources, LLC as a registered investment advisor. With respect to such investments, we are a broker-dealer, as described above.

Several of the Firm's employees are also licensed insurance agents and may be appointed with several insurance companies. They may earn separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use these employees for insurance product purchases and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory fees charged by Diversified Resources, LLC.

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

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### **Code of Ethics**

Diversified Resources, LLC employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of Diversified Resources, LLC receive preferential treatment.

Diversified Resources, LLC's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of Diversified Resources, LLC's Code of Ethics by contacting Karen J. Bacon at (401) 941-1500.

Diversified Resources, LLC and its employees may buy or sell securities that are also held by clients. Employees comply with the provisions of Diversified Resources, LLC's Code of Ethics as described above.

Diversified Resources, LLC and its employees do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

We will not affect any principal or agency cross securities transactions for client accounts. We will also not cross trades between client accounts.

## Item 12: Brokerage Practices

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### **Research and other Soft Dollar Benefits**

We do not receive formal soft dollar benefits (research, etc.) other than execution from broker-dealers in connection with your securities transactions.

### **Brokerage for Client Referrals**

We do not receive client referrals from any broker-dealer or third party as doing so may cause, or appear to cause, a conflict of interest.

### **Directed Brokerage**

Clients may not direct brokerage to another broker-dealer. If you require a financial product which does not fall within the confines of our RIA platform, we may recommend you acquire that product through us and our broker-dealer. For example, if there was a need for you to establish a college savings plan (529 Plan) or a variable life insurance policy, those investments could be made through our broker-dealer or through any other broker-dealer you would choose. We do not believe there would be any material conflict of interest in such a circumstance.

As noted above, we currently offer investment management services through SEI, and their custodian, SPTC.

### **Support Provided by Financial Institutions**

When individual securities or Exchange Traded Funds are purchased intraday for your account(s), we may be unable to achieve most favorable execution of that transaction. Our platform allows for execution of trades intraday, which may have a longer lag time relative to its execution.

The transaction fees paid by our clients shall comply with our duty to obtain “best execution.” However, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to affect the same transaction where we determine, in good faith, that the transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, the value of research provided, execution capability, transaction charges, and responsiveness. Consistent with the foregoing, while we will seek competitive rates, it may not necessarily obtain the lowest possible transaction fee charges for client transactions.

We may receive from SPTC, at no cost, or at a reduced cost to Diversified Resources, LLC, professional services, computer software and related systems support, enabling us to better monitor and service client accounts maintained at SPTC. We may receive this support because of the portfolio management services rendered to clients that maintain assets at SPTC;

however, we are not required to maintain a certain level of assets with SPTC to receive these products or services. The support provided may benefit us, but not our clients directly. In fulfilling its duties to its clients, we endeavor at all times to put the interests of our clients first.

Other third-party service providers may provide non-cash benefits to us and/or our employees from time to time. These economic benefits may include, but are not limited to, waivers or reductions of conference registration fees, meals, entertainment and promotional premium items that have nominal value. We believe these economic benefits do not, either individually or collectively, impair our independence. Prior to the acceptance of any consideration, employees must obtain authorization and approval from Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer.

**Trade Aggregation**

We do not aggregate the purchase or sale of securities for client accounts, outside of mutual funds.

## Item 13: Review of Accounts

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### **Reviews**

We review portfolio management accounts periodically. Reviews are performed by Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer.

Reviews entail analyzing securities, sensitivity to overall markets, economic changes, investment results and asset allocation, etc., to ensure the investment strategy and expectations are structured to continue to meet your objectives.

We encourage frequent client contact. You are obligated to promptly notify us of any changes in your financial status to ensure that investment strategies continue to meet your changing needs.

Financial planning services are offered on an hourly or flat fee project basis, and do not include ongoing services or ongoing reviews of your portfolio, although we may recommend a review be performed at least annually. It is the client's responsibility to update his or her financial goals and secure additional services, as necessary.

### **Review Triggers**

Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, new deposits and changes in a client's own situation.

### **Reporting**

Each quarter, the custodian provides clients with an account statement for each client account, which may include individual holdings, cost basis information, deposits and withdrawals, accrued income, dividends, and performance.

### **Financial Planning – Reporting**

Financial Planning clients receive reports as contracted for at the inception of the engagement.



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

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We do not receive any compensation from any third party in connection with providing investment advice to you. We may, upon occasion, attend investment company meetings where that company may cover certain expenses i.e., lodging, meals etc. to us during the meeting period and we may receive gifts, meals, etc. from representatives of those Firms, in which case any and all of that type of compensation will fall within the guidelines of the Financial Industry Regulatory Authority (FINRA), which generally allow no more than a \$100 value for gifts.

### **Compensation – Client Referrals**

We have been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources. We do not compensate referring parties for these referrals.

## Item 15: Custody

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Diversified Resources, LLC's Agreement with SEI Private Trust Company (STPC) authorizes Diversified Resources, LLC through SPTC to debit the client's account for the amount of Diversified Resources, LLC's fee and to directly remit that management fee to Diversified Resources, LLC in accordance with applicable custody rules. SPTC has agreed to send a statement to the client, quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Diversified Resources, LLC.

As described above, clients receive quarterly statements from SPTC that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that Diversified Resources, LLC provides. Diversified Resources, LLC reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Custody – First Party Money Transfers**

Clients may provide Diversified Resources, LLC with written ongoing authorization to send money via ACH or wire between the client's accounts held with the qualified custodian directly to an outside financial institution (i.e., a client's bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client's name and account number(s) at the outside financial institution(s) as required.

## Item 16: Investment Discretion

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Participating in our discretionary portfolio management services requires you to grant us discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities and the amount of securities to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement a power of attorney or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing us with your restrictions and guidelines in writing.

## Item 17: Voting Client Securities

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### **Proxy Voting**

We do not have any authority to and do not vote proxies on behalf of clients, nor do we make any express or implied recommendation with respect to voting proxies. Clients retain the sole responsibility for receiving and voting proxies that they receive directly from either their custodian or transfer agents. Clients may contact us for information about proxy voting.

## Item 18: Financial Information

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We are not required to provide financial information (our audited balance sheet) to our clients because we do not:

- Require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- Take custody of client's funds or securities, or
- Have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## Form ADV Part 2B – Investment Adviser Brochure Supplement

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### **Diversified Resources, LLC** Form ADV Part 2B Investment Adviser Brochure Supplement

70 Jefferson Boulevard  
Warwick, RI 02888  
(401) 941-1500  
[www.DivRes.com](http://www.DivRes.com)

**Karen J. Bacon**

April 2024

This Brochure Supplement provides information about the Firm's ("we," "us," "our") employees that supplements our Brochure. You should have received a copy of that Brochure. Please contact Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer at (401) 941-1500 or [karen@divres.com](mailto:karen@divres.com) if you did not receive our Brochure or if you have any questions about the contents of this Supplement.

Additional information about our employee(s) referenced above is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each employee.

## Item 2: Educational Background and Business Experience

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We generally require that employees involved in making investment decisions and providing investment advice have a college degree and/or significant experience in the investment management or financial services industries.

**Karen J. Bacon**  
**CRD #: 2410249**

Born 1971

### **Business Background:**

Diversified Resources, LLC

2015 to Present

Principal, Chief Executive Officer and Chief Compliance

Diversified Resources, LLC

2004 to Present

Registered Representative and Investment Advisor Representative

### **Formal Education after High School:**

Babson College - F.W. Olin Graduate School of Business

Master of Business Administration, Finance

University of Rhode Island

Bachelor of Arts in Business and Italian

### **Professional Designations:**

CERTIFIED FINANCIAL PLANNER™ (CFP®), Practitioner

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### **Professional Certifications**

Karen J. Bacon maintains a professional designation, which requires the following minimum requirements:

<b>CERTIFIED FINANCIAL PLANNER™ (CFP®)</b>	
<b>Issued By</b>	Certified Financial Planner Board of Standards, Inc.
<b>Prerequisites</b>	Candidate must meet the following requirements: <ul style="list-style-type: none"><li>• A bachelor's degree (or higher) from an accredited college or university, and</li><li>• 3 years of full-time personal financial planning experience</li></ul>
<b>Education Requirements</b>	Candidate must complete a CFP®-board registered program, or hold one of the following: <ul style="list-style-type: none"><li>• CPA</li><li>• ChFC</li><li>• Chartered Life Underwriter (CLU)</li><li>• CFA</li><li>• Ph.D. in business or economics</li></ul>

	<ul style="list-style-type: none"> <li>• Doctor of Business Administration</li> <li>• Attorney's License</li> </ul>
<b>Exam Type</b>	CFP® Certification Examination
<b>Continuing Education Requirements</b>	30 hours every 2 years

### Item 3: Disciplinary Information

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Karen J. Bacon has not been involved in any activities resulting in a disciplinary disclosure.

### Item 4: Other Business Activities

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Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations.

Karen J. Bacon is a licensed insurance agent through numerous insurance companies. In such a capacity, she may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that she recommends the purchase of an insurance product which results in a commission being paid to her as an insurance agent.

Karen J. Bacon owns real estate rental properties.

### Item 5: Additional Compensation

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Karen J. Bacon does not receive any economic benefit outside of regular salaries or bonuses.

### Item 6: Supervision

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Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer supervises the persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement. Karen J. Bacon supervises these persons by holding regular staff, investment, and other ad hoc meetings. In addition, Karen J. Bacon regularly reviews client reports, emails and trading, as well as employees' personal securities transaction and holdings reports. Karen J. Bacon may be reached at (401) 941-1500.



## Form ADV Part 2B – Investment Adviser Brochure Supplement

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### **Diversified Resources, LLC** Form ADV Part 2B Investment Adviser Brochure Supplement

70 Jefferson Boulevard  
Warwick, RI 02888  
(401) 941-1500  
[www.DivRes.com](http://www.DivRes.com)

**John E. Cerilli**

April 2024

This Brochure Supplement provides information about the Firm's ("we," "us," "our") employees that supplements our Brochure. You should have received a copy of that Brochure. Please contact Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer at (401) 941-1500 or [karen@divres.com](mailto:karen@divres.com) if you did not receive our Brochure or if you have any questions about the contents of this Supplement.

Additional information about our employee(s) referenced above is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each employee.

## Item 2: Educational Background and Business Experience

---

We generally require that employees involved in making investment decisions and providing investment advice have a college degree and/or significant experience in the investment management or financial services industries.

**John E. Cerilli**  
**CRD #: 6465341**

Born 1991

**Business Background:**

Diversified Resources, LLC  
Registered Representative

2024 to Present

LPL Financial, LLC  
Registered Representative

2021 to 2024

Waddell & Reed, Inc.  
Associated Person

2019 to 2021

W&R Insurance Agency  
Insurance Agent

2019 to 2021

Merrill Lynch, Pierce, Fenner & Smith Inc.  
Financial Advisor Trainee

2018 to 2019

**Formal Education after High School:**

Gettysburg College  
Bachelor of Arts in Economics and Business

**Professional Designation:**

Chartered Retirement Planning Counselor<sup>SM</sup> (CRPC<sup>®</sup>)

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**Professional Certifications**

John E. Cerilli maintains a professional designation, which requires the following minimum requirements:

***Chartered Retirement Planning Counselor<sup>SM</sup> (CRPC<sup>®</sup>)***

<b>Issued By</b>	College for Financial Planning
<b>Prerequisites</b>	None
<b>Education Requirements</b>	Candidate must complete the online instructor led or self-study course
<b>Exam Type</b>	Final designation exam (online, timed)

**Continuing Education  
Requirements**

16 hours every 2 years

### **Item 3: Disciplinary Information**

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John E. Cerilli has not been involved in any activities resulting in a disciplinary disclosure.

### **Item 4: Other Business Activities**

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Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations.

John E. Cerilli is a licensed insurance agent through numerous insurance companies. In such a capacity, he may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that he recommends the purchase of an insurance product which results in a commission being paid to him as an insurance agent.

### **Item 5: Additional Compensation**

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John E. Cerilli does not receive any economic benefit outside of regular salaries or bonuses.

### **Item 6: Supervision**

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Karen J. Bacon, Principal, Chief Executive Officer and Chief Compliance Officer supervises the persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement. Karen J. Bacon supervises these persons by holding regular staff, investment, and other ad hoc meetings. In addition, Karen J. Bacon regularly reviews client reports, emails and trading, as well as employees' personal securities transaction and holdings reports. Karen J. Bacon may be reached at (401) 941-1500.