



# DIVERSIFY

## ADVISORY SERVICES

### Diversify AMS Plus Platform (AMS +)

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Wrap Fee Program Brochure (Form ADV Part 2A, Appendix 1)

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CRD Number: 326060

Date of Brochure: March 29, 2024

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Diversify Advisory Services, LLC ("Diversify"). If you have any questions about the contents of this Brochure, please contact Diversify at 801.890.7577. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commissioner by any state or local securities authority. Please note that such registration is not meant to imply a certain level of skill or training.

Additional information about Diversify Advisory Services, 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 number 326060.

## ITEM 2 – SUMMARY OF MATERIAL CHANGES

This Brochure, replaces the previously filed brochure, dated July 25, 2023, was prepared in accordance with the SEC requirements, and is only making minor changes to website and clarifying language as needed. Since our update in July, we have updated the following information:

Item 4 – Advisory Business – We have updated assets under management.

The most current version of Diversify Advisory Services, LLC Form ADV Part 2A Firm Brochure is always available upon request by calling the Firm's Compliance Department at 801.890.7577.

ITEM 3 – TABLE OF CONTENTS

ITEM 2 – SUMMARY OF MATERIAL CHANGES ..... 2

ITEM 3 – TABLE OF CONTENTS..... 3

ITEM 4 – SERVICES, FEES, AND COMPENSATION ..... 4

ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS ..... 8

ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION ..... 8

ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS ..... 10

ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS..... 10

ITEM 9 – ADDITIONAL INFORMATION ..... 10

## ITEM 4 – SERVICES, FEES, AND COMPENSATION

Diversify Advisory Services, LLC (“Diversify”) is a United States Securities and Exchange Commission (“SEC”) registered investment adviser. The company was formed in March of 2023, succeeding its predecessor firm, DFIG Investments, LLC (“DFPG”), and is headquartered in Sandy, Utah. Diversify’s predecessor, DFIG, began operations in January 2015. Diversify is wholly owned by Falcon Park Capital, LLC. Some of the members of executive management are also part owners in a joint venture with a non-affiliated registered investment adviser, Wade Read Capital, LLC. In January of 2024, Falcon Park Capital acquired and consolidated two registered investment advisers to create Diversify Wealth Management, an affiliate of Diversify. DFIG Investments remains a broker/dealer and an affiliate of Diversify.

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 \$2,872,027,172, for which Diversify had discretionary authority over approximately \$2,795,887,478.

### Wrap Fee Advisory Services

Please note that Diversify also offers non-wrap portfolio/investment management services. For more information, please refer to the Diversify’s Form ADV Part 2A Brochure.

#### Wrap Fee Programs

In Diversify’s Wrap Fee Programs (the “Platforms” listed below), Diversify offers portfolio/investment management services provided for a single fee which includes management, brokerage, and custody. Wrap fee accounts are managed on a discretionary basis as granted by the Client in the Investment Management Agreement. The investment adviser representative’s (“IAR”) discretion will include the authority to purchase and sell securities and other investment instruments in the account, and to implement asset allocations and product strategies. IARs may also utilize third-party sub-advisors 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.

#### AMS Plus (“AMS+”) Platform

The AMS Plus Platform (“AMS+”) offers the IAR full or limited trading authority to manage the assets and allocations in Client’s account(s). Diversify and/or the IAR 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.

For the IAR to appropriately manage the account(s), Diversify requires that the Client complete a New Account Form, Financial Statement, and Investment Management Agreement. These documents will 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. Utilizing this information, and any additional data obtained from the Client, the IAR will customize a portfolio strategy focusing the fundamental relationship between the Client’s tolerance for risk and reward, and their overall financial goals.

AMS+ accounts are held at Diversify-approved qualified custodians (“Custodian”) Schwab, Fidelity, or RBC Correspondent Services (“RBC”). Clients are charged the annual Wrap Fee based on the value of assets in the Program. The Custodian will provide Program Clients with regular brokerage statements at least quarterly and will also furnish written confirmations to Clients of all transactions executed through the Custodian for a Program account. Diversify may also provide Program Clients with periodic performance reports.

**Schwab’s Brokerage Services** In addition to the advisory services, the wrap fee program includes certain brokerage services of Charles Schwab & Co, Inc. (“Schwab”) a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. We are independently owned and operated and not affiliated with Schwab. Schwab will act solely as a broker-dealer and not as an investment advisor to you. It will have no discretion over your account and will act solely on instructions it receives from us or you. Schwab has no responsibility for our services and undertakes no duty to you to monitor our management of your account or other services we provide to you. Schwab will hold your assets in a brokerage account and buy and sell securities and execute other transactions when we or you instruct them to. We do not open an account for you.

## Fees and Compensation

### AMS Plus ("AMS+") Platform

AMS+ accounts are charged a Total Wrap Fee negotiated between the Client and the IAR, subject to a maximum annual rate of 2.0%. The Total Wrap Fee is comprised of the Advisory Fee and an optional portion designated as a Strategy Fee.

The Total Wrap 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 on the last day of the preceding quarter end and may include prorated fees for assets deposited to or withdrawn from the Account during the prior quarter in excess of \$500. The Total Wrap Fee is a flat rate based on the amount of assets in the account.

Upon payment, the Total Wrap Fee is divided as follows:

- If applicable, the optional Strategy Fee which is paid to the investment manager. Up to 100% of the Strategy Fee portion is paid to the investment manager.
- Next, Diversify retains a portion of the Advisory Fee for administrative and other services.
- Finally, Diversify shares the remaining portion of the Advisory Fee with the IAR, based on the agreement between the IAR and DFIG. In some instances, the same person may act as investment manager and IAR.

The Advisory Fee is negotiable based on several factors including the 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. Changes to fee schedules generally become effective the following billing cycle.

### AGREEMENT AND TERMINATION

The agreement for portfolio/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 ("Effective Termination"), and any prepaid, unearned fees will be promptly refunded. (The Client will be charged only a pro-rated portion of the pre-paid quarterly fee, calculated from the first day in the quarter up until the date of Effective Termination.)

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(s) and the Custodian may impose a fee to close the account(s). Client has the right to terminate the contract without penalty within five (5) business days after entering into the agreement. If the Client terminates the contract on this basis, all fees paid by the Client will be refunded.

On the termination of the agreement, neither Diversify nor its IARs will have any obligation to recommend or take any action regarding the securities, cash, or other investments 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 the agreement by giving written notice to the IAR.

### ADDITIONAL FEES AND EXPENSES

In addition to the Total Wrap Fee that is inclusive of fees for portfolio/investment management, transaction costs, and custody, Clients may incur other custodian fees and/or costs assessed by third parties and/or Diversify, such as transfer taxes, wire transfer and electronic fund fees, odd-lot differentials, and other fees and taxes on brokerage accounts and securities transactions.

The Total Wrap Fee does not cover fees associated with assets that may be held in the same account (such as alternative investments) but are not part of the selected Platform. 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.

## **WRAP FEE PROGRAM DISCLOSURE**

Diversify charges a single advisory “wrap” fee for services covered under the wrap program. The maximum fee charge for the program is negotiable, depending on, among other things, the program chosen, amount of assets, relationship and complexity. In addition to compensating Diversify for advisory services, the wrap fee you pay Diversify allows us to pay for brokerage and execution services provided by your custodian. A wrap fee is not based directly on the number of transactions placed in your account. Various factors influence the relative cost of our wrap fee program to you, including the cost of our investment advice, custody and brokerage services if you purchased them separately, the types of investments held in your account, and the frequency, type and size of trades in your account.

Our wrap fee covers our advisory services, the brokerage services provided by your custodian, including custodial fees assets, trading fees, fixed-income transaction charges, and miscellaneous ancillary account fees charged by the custodian. As a result, we have an incentive to execute transactions for your account with your custodian.

Diversify’s wrap program does not cover all fees and costs. The fees not included in the wrap fee include charges imposed directly by a mutual fund, index fund, or exchange traded fund which is disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees (such as commission or markup) for trades executed away from your custodian at another broker-dealer and other taxes on brokerage accounts.

Participating in the Wrap Fee Program may cost more or less than the cost of purchasing management, brokerage, and custodial services separately and/or from other advisors or broker-dealers. The number of transactions made in a Client’s account(s), as well as the commissions charged for each transaction, are a factor in determining the relative cost of the Wrap Fee Program versus paying for execution on a per transaction basis and paying a separate fee for advisory and other services. Other factors to consider when measuring the relative cost of the Wrap Fee Program include, among other things, the type and size of the account, the type of assets purchased for the account, and the number and range of supplementary advisory and client-related services provided to the account.

Diversify and the IAR receive compensation as a result of the Client’s participation in the Wrap Fee Program. This compensation may be more than the amount the Firm or IAR would receive if the Client paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because Diversify and the IAR may have an incentive to recommend the Wrap Fee Program. In addition, Diversify may have an incentive to limit its trading activities in the Client’s account(s) because in some circumstances it may be charged for executed trades.

## **OTHER TYPES OF FEES & EXPENSES**

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, of Diversify’s Form ADV Part 2A.

In addition, some mutual fund and/or ETF assets deposited in the account may have been subject to deferred sales charges and other annual expenses. These fees are independent of our fees and should be disclosed by the custodian or contained in each fund’s prospectus. You should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

Neither Diversify, nor any representatives of Diversify receive any additional compensation for the participation of clients in the wrap fee program. However, the compensation received may be more than what would have been received if the client paid separately for investment advice, brokerage, and other services. Therefore, Diversify may have a financial incentive to recommend the wrap fee program to clients.

## **CONFLICT OF INTEREST**

When managing your account on a wrap fee basis, we receive as compensation for our investment advisory services, the balance of the total wrap fee you pay after custodial, trading and other management and ancillary costs (including execution and transaction fees) have been deducted. Accordingly, we have a conflict of interest because we have a financial incentive to maximize our compensation by seeking to reduce or minimize the total costs incurred in your account(s) subject to a wrap fee.

Fidelity, Schwab and other custodians have eliminated commissions and transaction fees for online trades of U.S. equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab’s pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory

services separately. To see what you would pay for transactions in a non-wrap account, please refer to your custodian's most recent pricing schedules or talk to your investment adviser representative.

### **Schwab Conflicts**

If you open an account with Schwab, Diversify receives indirect non-cash compensation related to the accounts held with Schwab. The following is a description of these services.

### **Products and services available to us**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through our firm. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that do not directly benefit you. Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, record keeping, and client reporting

### **Services that generally benefit only us.**

Schwab also offers other services intended to help us manage and further develop our business enterprise.

These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment for our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

Diversify monitors its relationships with custodians to ensure that appropriate services are provided and required disclosures are made. Diversify also maintains a comprehensive compliance program and a Code of Ethics to monitor our associates and their compliance with applicable regulations and Firm policy. Though these benefits are provided to Diversify by custodians like Schwab, Diversify will always place your best interest ahead of our own. Even so, nevertheless a conflict exists.

### **Fidelity Conflicts**

Diversify can also require that clients establish a brokerage account with Fidelity Institutional Wealth Services (Fidelity) to maintain custody of clients' assets and to effect trades for their accounts. Diversify is independently owned and operated and is not affiliated with Fidelity. Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data;
- Facilitate payment of our fees from client accounts;
- Assist with back-office functions, recordkeeping, and client reporting.

Many of these services generally can be used to service all, or a substantial number, of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services can include:

- Consulting, publications, and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

In addition, Fidelity can make available, arrange and/or pay for these types of services rendered by an independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation or requirement that you maintain your assets in accounts at Fidelity can be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a potential conflict of interest.

#### **RISKS OF WRAP FEE OR BUNDLED FEE ARRANGEMENTS**

The benefits under a wrap fee program depend, in part upon the size of the account, the costs associated with managing the account, and the frequency or type of securities transactions executed in the account. For example, a wrap fee program may not be suitable for all accounts, including but not limited to accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities or no-transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees.

In order to evaluate whether a wrap or bundled fee arrangement is appropriate for you, you should compare the agreed-upon Wrap Program Fee and any other costs associated with participating in our Wrap Fee Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and execution costs, and custodial services comparable to those provided under the Wrap Fee Program.

## **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

Diversify provides portfolio/investment management 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 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

Diversify does not utilize outside portfolio managers for accounts in AMS+. Each IAR may utilize methods of analysis, sources of information, and investments strategies within the framework of Diversify's overall advisory philosophy. As a result, recommendations by IARs, individual investment portfolios, and performance will differ.

#### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

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. Although Diversify believes its philosophy is unique, and the execution of that philosophy makes Diversify stand out from its competitors.

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

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, DFPG 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, DFPG will execute transactions within the investment classes in a manner consistent with the Client's investment objectives and allocation.

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 be aware that investing in securities involves risk of loss that the Client 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. DFPG also cannot offer any guarantees or promises that 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.

#### **TAILORING OF PORTFOLIO/INVESTMENT MANAGEMENT SERVICES**

Diversify and its IARs tailor advisory services to the individual needs of its clients. IARs begin by first understanding the Client's needs and goals, analyzing the Client's overall financial picture, and then setting out to build an intelligent and efficient plan for each Client. Diversify does not manage wrap fee accounts in a different manner than non-wrap fee accounts, as Diversify and its IARs tailor their portfolio/investment management strategies to the individual needs of each Client regardless of the Platform the Client chooses. DFPG focuses its investment advice primarily in mutual funds, equities, bond funds, real estate securities, and ETFs, but is capable of providing advice on a host of other investment types as well.

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.

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 DFPG or any of its affiliates is subject to at the time of the proposed transaction.

#### **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 based on assets under management, which it feels aligns Diversify's motivations with that of its Clients.

#### **POTENTIAL CONFLICTS OF INTERESTS**

As previously mentioned, the fact that Diversify's IARs act as portfolio managers under the Wrap Fee Program may create a conflict of interest in that other investment advisory firms may charge the same or lower fees as Diversify for similar services, and that Diversify IARs receives payment of all or a portion of the Strategy or Management fee that may otherwise have been payable to a third-party, had that third-party's strategy been selected.

In addition, certain IARs of Diversify may also be registered representatives of Diversify's affiliated broker-dealer, as well as insurance agents offering insurance products and services. These representatives and agents may recommend securities, insurance, 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 creates a conflict that may impair the objectivity of the persons making the recommendations. However, Diversify does not permit its IARs to earn both commissions on securities and insurance purchased or sold when advisory fees are charged for management of the same assets.

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's policy is to ensure that its investment advisory Clients' interests receive the highest priority at all time. 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 each Client's financial objectives, goals, and risk tolerance;
5. Diversify does not permit its IARs to earn both commissions 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 always strive to act in the Client's best interest.

As stated above, Diversify requires that all accounts in the Wrap Fee Program be custodied at Fidelity, Schwab. Diversify believes that it is in the best interests of the Client to utilize Diversify's brokerage services and Fidelity, or Schwab due to the benefits these entities provide such as their access to products, markets for securities being traded, and execution capabilities, in addition to the resultant operational efficiencies. Schwab, or Fidelity 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, but are not limited to, 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. While Diversify always strives to achieve best execution for Client transactions and act in the Client's best interest, a conflict will nonetheless exist.

#### **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 any and all securities maintained in Client portfolios. Clients will receive proxies directly from their custodian or transfer agent. Should DFIG 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. On occasion, when such advice is specifically requested by the Client, Diversify may provide general advice to Clients regarding the Clients' voting of proxies.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Client information that pertains to investment goals and objectives will be gathered by and shared between the IAR, who is the portfolio manager, and Diversify on a regular basis as part of its investment management duties.

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients are always free to directly contact their portfolio manager with any questions or concerns they have about their portfolios or other matters. On at least an annual basis, the IAR will meet with the Client to update the Client's investment portfolio, as needed. However, it is the duty of the Client to update their IAR and/or Diversify if there is a change in circumstances that affects their financial condition and/or investment goals and objectives.

## **ITEM 9 – ADDITIONAL INFORMATION**

#### **DISCIPLINARY INFORMATION**

Diversify 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.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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

Our firm offers services through our network of investment adviser representatives ("IARs"). IARs may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials and/or disclosure statements and client statements. The Client should understand that the businesses are legal entities of the IAR and not of our firm. The IARs are under the supervision of our firm and the advisory services of the IAR are provided 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***

Some of Diversify's IARs are also registered as securities representatives (broker-dealer agents) of DFPG Investments, LLC ("DFPG"), an affiliated broker-dealer registered with the SEC and a member of FINRA.

IARs that are also registered representatives of DFPG 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 may impair the objectivity of the persons making the recommendations. However, it should be noted that Diversify does not permit its IARs to earn both commissions on securities products purchased or sold when advisory fees are charged for management of the same assets. 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.

### ***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 Advisory Services, LLC are under common control.

### ***Affiliated and Unaffiliated Registered Investment Adviser***

Several of Diversify's IARs are also dually registered with other registered investment advisers, some with affiliated advisers and some with an unaffiliated adviser. Diversify permits this for a short time period to facilitate the transition of clients from one adviser to the other. Once the transition is complete, the dual registration is terminated. Nevertheless, this presents a conflict of interest as there are multiple advisers involved and each carries some conflicts. These conflicts include, but are not limited to, advisory fees, custodial platforms, availability of products and services, and other compensation related conflicts. Please refer to the Form ADV Part 2A of the other investment adviser to understand the other adviser's conflicts, as well as each investment adviser representative's Part 2B, supplemental disclosure document for additional details.

### ***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's executive management do not vote as part of the investment committee when deciding if these programs are offered to the public via Diversify's investment platform; (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 advisory representatives as it pertains to these programs in an effort to mitigate any related conflicts.

Neither Diversify nor any of its management persons have a material relationship or arrangement with a municipal securities dealer, government securities dealer or broker, investment company, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships. Neither DFPG nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

For additional information and disclosure of Diversify's other financial industry affiliations, please see Diversify's Form ADV Part 2A disclosure brochure.

## 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. All supervised persons at Diversify must acknowledge the terms of the COE annually, or as amended. The COE includes the following:

- The confidentiality of Client information;
- A prohibition on insider trading;
- Restrictions on the acceptance of significant gifts; and
- Personal securities trading procedures.

In certain circumstances, IARs may hold investment positions that Diversify also recommends Clients or prospective Clients purchase. Subject to satisfying this policy and applicable laws, officers, directors, and employees of DFPG 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 may require pre-clearance of certain transactions, and restrict 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 where a representative 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 very high volume of securities transactions is effected, front-running is in direct violation of the rules, regulations and guidelines of both the SEC and FINRA. Furthermore, it is completely unethical and is prohibited by Diversify. Diversify diligently monitors and reviews the outside brokerage accounts and securities transactions of all its representatives in an effort to ensure that front-running or any other sales practice violations do not occur.

Diversify requires that anyone associated with the Firm that has access to advisory recommendations provide initial and annual securities holdings reports and quarterly transaction reports to the Compliance Department for review and comparison against similar client transactions.

Neither DFPG nor its representatives buy or sell for Client accounts securities in which they have a material financial interest. DFPG does not sell securities held in its own accounts to Clients.

Diversify's Clients or prospective Clients may request a copy of the Firms' COE by contacting the firm's Compliance Department at 801.838.9999.

## REVIEW OF ACCOUNTS

Client accounts are reviewed by the IAR with the Client at least annually, or more frequently as agreed. Reviews of investment accounts typically look at portfolio consistency with regards to risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. Accounts will also be reviewed upon notice of changes in a Client's circumstances. Between reviews, IARs will regularly monitor Client assets.

Accounts are reviewed to ensure consistency with the Client's stated investment objective, risk tolerance, time horizon, and asset allocation. The IAR will inquire into changes in Clients' 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.

Clients are provided with monthly or quarterly account statements from the qualified custodian of the account(s), depending on the activity in the account. The custodian, the IAR, or the Firm may provide the Client 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. DFPG encourages the Client to review the statements from the custodian(s) for accuracy and inform Diversify if there are inconsistencies.

The foregoing information 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.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

Diversify, from time to time, receives referrals from its affiliated broker-dealer. Both Diversify and DFIG benefit 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.

Diversify has entered into agreements where it refers clients to third parties for additional services not provided by the firm, such as business acquisition and divestiture consulting and business organizational structure consulting. Diversify acts as the solicitor to the third party and receives compensation as outlined in the agreement with the third party. The client will sign an agreement directly with the third party and a fee for the referral is paid to Diversify from the fees paid to the third party.

Diversify's policy is to discourage its IARs, whenever possible, from transacting business in advisory accounts that results in compensation to Diversify from third parties for investment advice or other advisory services. However, in some instances Diversify receives economic benefit from someone who is not a Client for providing investment advice or other advisory services, as described in the Additional Fees and Expenses section, above. In addition, IARs may receive benefits from third parties in the form of reasonable and limited business entertainment for which DFIG believes the benefit realized is negligible as does not present a significant conflict of interest. **Please see Item 14 – Client Referrals and Other Compensation** of Diversify's Form ADV Part 2A for additional disclosure related to referrals and other compensation arrangements.

#### **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. 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.