



9017 S Riverside Dr., Suite 210  
Sandy, Utah 84070  
801.838.9999  
Fax 801.838.9988

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

Web Site Address: [www.dfpg.com](http://www.dfpg.com)  
FINRA CRD Number: 155576

Date of Brochure: March 10, 2020

This Wrap Fee Program Brochure provides information about the qualifications and business practices of DFPG Investments, LLC. If you have any questions about the contents of this Brochure, please contact DFPG at 801.838.9999. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission, FINRA, or by any state or local securities authority.

Within this Disclosure Brochure, the firm and/or its investment advisor representatives may be referred to as a "registered investment advisor" or described as being "registered". Please note that such registration is not meant to imply a certain level of skill or training.

Additional information about DFPG Investments, LLC ("DFPG Investments," "DFPG," or the "Firm") also is 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 DFPG's CRD/IARD number 155576.

## ITEM 2 – SUMMARY OF MATERIAL CHANGES

DFPG Investments' Form ADV Part 2A Wrap Fee Program brochure annual updating amendment was filed on March 29, 2019. Changes since the last annual updating amendment include:

- Item 1 - Cover Page - DFPG Investments, LLC succeeded the registration of DFPG Investments, Inc. in July 2019.
- DFPG has grown to include 126 broker-dealer representatives and associates, 52 of which are also investment advisor representatives, and 2 additional investment advisor representatives not registered as representatives of the broker dealer. DFPG Investments has total combined assets between the broker-dealer and registered investment advisor divisions of approximately \$2,577,192,000, as of December 31, 2019;
- Item 4 – Advisory Services: DFPG has added the option of DFPG Managed Solutions (“DMS”) Platform accounts under a Wrap Fee Program.
- Item 4 – Advisory Services: In response to several custodian’s changes to transaction fees, the nature and purpose of the AMS Equity Plus Platform has evolved, and the platform has been renamed simply “AMS Plus.”
- Item 5 – Advisory Services – Other Fees and Expenses was amended to clarify 12(b)-1 and other mutual fund related fees.

The most current version of the DFPG Investments' Form ADV Part 2A, Appendix 1 Wrap Fee Program Brochure is always available upon request by calling the Firm's Compliance Department at 801.838.9999.

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..... 7

ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION ..... 7

ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS ..... 9

ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS..... 9

ITEM 9 – ADDITIONAL INFORMATION..... 9

## ITEM 4 – SERVICES, FEES AND COMPENSATION

DFPG Investments, LLC is a United States Securities and Exchange Commission (“SEC”) registered investment advisor and broker-dealer. The company was formed in October 2010 and is headquartered in Sandy, Utah. DFPG Investments’ broker-dealer became an approved FINRA member firm in May 2011 and DFPG Investments’ registered investment advisor began operations in January 2015. DFPG Investments’ principal owners are Daniel J. Luke, Ryan O. Smith, and Michael A. Bendix. Mr. Luke and Mr. Smith are also owners of a branch office of DFPG, Diversify, Inc., which was formed in 2004. Mr. Bendix is also owner of a branch office of DFPG, Bridge Equities, Inc., which was formed in 2011.

As of December 31, 2019, DFPG Investments’ broker-dealer division had investment assets that totaled approximately \$2,009,818,000. As of December 31, 2019, DFPG’s registered investment advisor division had total assets under management of approximately \$567,374,000, for which DFPG Investments had discretionary authority over \$566,290,000.

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

### Wrap Fee Advisory Services

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

#### Wrap Fee Programs

In DFPG’s Wrap Fee Programs (the “Platforms” listed below), DFPG 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 advisor 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). DFPG and/or the IAR has authority to establish, modify, or terminate relationships with third parties, which may include affiliates of the Advisor, third-party managers, or subadvisors, as appropriate.

For the IAR to appropriately manage the account(s), DFPG 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 DFPG-approved qualified custodians (“Custodian”) TD Ameritrade 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. DFPG may also provide Program Clients with periodic performance reports.

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

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

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

## **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 and may include prorated fees for assets deposited to the Account during the prior quarter. 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, DFPG retains a portion of the Advisory Fee for administrative and other services.
- Finally, DFPG shares the remaining portion of the Advisory Fee with the IAR, based on the agreement between the IAR and DFPG. 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 DFPG’s discretionary investment authority, the amount of assets under management with DFPG, and other business considerations. Changes to fee schedules generally become effective the following billing cycle.

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

DMS accounts are billed by a DFPG-approved sub-advisor or third-party service provider. DMS accounts are charged a Total Wrap Fee, subject to a maximum annual rate of 2.0%. The Total Wrap Fee is comprised of the Advisory Fee and a Management 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 and may include prorated fees for assets deposited to the account during the prior quarter.

Upon payment, the fees are divided as follows:

- The Advisory Fee is paid to the IAR based on the agreement between the IAR and DFPG.
- DFPG retains a portion of the Management Fee for administrative and other services.
- The remainder of the Management Fee is paid to any sub-advisors or third-party investment managers directly or

indirectly employed by DFPG in the management of the account. In some instances, DFPG IARs may act as investment manager, and thus may receive a portion of this Management Fee.

The Advisory Fee is negotiable based on several factors including, but not limited to, the longevity of the account, the type of Client, whether the Client wishes to impose restrictions on DFPG's discretionary investment authority, the amount of assets under management with DFPG, and other business considerations. The Management Fee varies depending on the strategy selected. Because multiple strategies with different fees may be combined as separate sleeves of a single account, the total blended rate applied to the account may vary from the fee on any one sleeve within the account. 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 DFPG Investments 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 DFPG, 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, DFPG 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 DFPG from a custodian, DFPG has chosen to reimburse such fees to the Client account.

## **WRAP FEE PROGRAM DISCLOSURE**

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.

DFPG 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 DFPG and the IAR may have an incentive to recommend the Wrap Fee Program. In addition, DFPG 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.

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

DFPG Investments 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**

DFPG Investments 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 DFPG Investments' 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**

DFPG Investments' 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 DFPG believes its philosophy is unique, and the execution of that philosophy makes DFPG stand out from its competitors.

DFPG believes that investments must be tactically diversified. This means that DFPG 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 DFPG's proprietary due diligence model.

DFPG Investments' 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. DFPG 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. DFPG 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**

DFPG Investments 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 complete financial picture, and then setting out to build an intelligent and efficient plan for each Client. DFPG does not manage wrap fee accounts in a different manner than non-wrap fee accounts, as DFPG and its IARs tailor their portfolio/investment management strategies to the individual needs of each Client regardless of the Platform the Client chooses. DFPG Investments 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 DFPG Investments, however, DFPG 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 DFPG's opinion, to impair its ability to effectively provide services to the Client.

In no event is DFPG obligated to effect or place an order for any transaction for the Client that DFPG 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**

DFPG Investments 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.

DFPG's fees are based on assets under management, which it feels aligns DFPG's motivations with that of its Clients.

## **POTENTIAL CONFLICTS OF INTERESTS**

As previously mentioned, the fact that DFPG'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 DFPG for similar services, and that DFPG IARs may receive 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 strategy been selected.

In addition, certain IARs of DFPG Investments may also be registered representatives of DFPG Investments' broker-dealer division, 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, DFPG Investments 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.

DFPG Investments 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.

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

1. DFPG discloses the existence of material conflicts of interest to its Clients;
2. DFPG 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. DFPG requires that all representatives and employees receive prior approval of all outside business activities;
4. DFPG supervisors review accounts and Client information to ensure that transactions are consistent with each Client's financial objectives, goals, and risk tolerance;
5. DFPG Investments 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. DFPG 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, DFPG's representatives always strive to act in the Client's best interest.



In addition to DFIG being the Advisor, the Firm also acts as Introducing Broker-Dealer to all accounts in the Wrap Fee Program. Other advisory firms may permit their clients to use outside brokerage firms. In addition, DFIG requires that all accounts in the Wrap Fee Program be custodied at TD Ameritrade or RBC. DFIG Investments believes that it is in the best interests of the Client to utilize DFIG's brokerage services and TD Ameritrade or RBC 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. TD Ameritrade and RBC make available to DFIG other products and services ("soft dollar benefits") that benefit DFIG but may not benefit its Clients' accounts. Some of these other products and services assist DFIG 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 DFIG's fees from its Clients' accounts, and assistance with back-office functions, record-keeping, and Client reporting. While DFIG 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, DFIG Investments 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 DFIG 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, DFIG Investments 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 DFIG 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 DFIG if there is a change in circumstances that affects their financial condition and/or investment goals and objectives.

## **ITEM 9 – ADDITIONAL INFORMATION**

### **DISCIPLINARY INFORMATION**

The advisory firm of DFIG Investments 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**

DFIG Investments, LLC is registered broker-dealer and member of FINRA, and DFIG IARs may also be registered as securities representatives (broker-dealer agents) of the broker-dealer.

IARs that are also registered representatives of the broker-dealer division of DFIG 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

will create a conflict of interest that may impair the objectivity of the persons making the recommendations. However, it should be noted that DFPG Investments 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. DFPG Investments 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.

Neither DFPG Investments 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.

Various IARs of DFPG may also be insurance agents/brokers of Diversify Insurance, Inc. (an affiliated company of DFPG Investments, LLC) and/or another insurance agency. In this capacity, IARs of DFPG Investments may also recommend insurance products and may receive normal insurance transaction income. While a conflict of interest, similar to that described above, will arise, DFPG representatives always strive to act in the Client's best interest. Diversify Insurance, Inc. and DFPG Investments, LLC are under common control.

Neither DFPG Investments nor any of its management persons have a material relationship or arrangement with a municipal securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund", offshore fund), 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.

## **CODE OF ETHICS**

DFPG 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 DFPG Investments 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 DFPG also recommends Clients or prospective Clients purchase. Subject to satisfying this policy and applicable laws, officers, directors, and employees of DFPG Investments and its affiliates may personally invest their own funds using the same or similar strategies recommended to Clients. DFPG 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 DFPG Investments 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 DFPG'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 DFPG Investments. DFPG 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.

Representatives and employees of DFPG Investments may not effect transactions for their own accounts when it is adverse to the Client's interest. DFPG representatives and employees may not buy or sell securities for their own account until transactions of securities in Clients' accounts are first completed. It is the expressed policy of DFPG that no representative or employee may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby limiting the possibility that such representative or employee could benefit from transactions placed on behalf of advisory Clients.

DFPG Investments requires that anyone associated with its advisory practice with access to advisory recommendations provide initial and annual securities holdings reports and quarterly transaction reports to the Chief Compliance Officer 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.

DFPG Investments' 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 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 supervise Client assets.

Accounts are primarily reviewed by the IAR. In addition, DFPG Investments' compliance program includes the periodic review of a sample of customer accounts for consistency with a Client's risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. There is currently no limitation placed on the number of accounts that can be reviewed by an associate.

DFPG Investments does not generally review Client accounts "on other than a periodic basis"; however, it should be noted that the review of accounts would certainly be crisis driven based on economic, political, and world events.

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. DFPG Investments does not independently verify information provided by a custodian, Client or other third-party, nor does DFPG guarantee the accuracy or validity of such information. DFPG Investments 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 DFPG if there are inconsistencies.

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

## **CLIENT REFERRALS AND OTHER COMPENSATION**

DFPG Investments does not give nor receive compensation for referrals of clients to its Wrap Fee Program. DFPG Investments may from time to time receive a referral from its broker-dealer division. In such a case, DFPG Investments would not be directly compensated in any manner for the referral.

Both the investment advisor division and the broker-dealer division of DFPG Investments 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 of course is under no obligation to utilize any of the services of DFPG Investments, and Clients have the right to take their business elsewhere.

Some IARs may also receive compensation for insurance services and from brokerage commissions.

DFPG's policy is to discourage its IARs, whenever possible, from transacting business in advisory accounts that results in compensation to DFPG from third parties for investment advice or other advisory services. However, in some instances DFPG may receive 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 DFPG believes the benefit realized is negligible as does not present a significant conflict of interest.

## **FINANCIAL INFORMATION**

DFPG Investments has not attached a balance sheet for its most recent fiscal year because it does not have custody of Client funds or securities (although certain regulatory agencies or securities divisions have deemed that DFPG does in fact maintain limited custody), nor does it require prepayment of more than \$500 in fees per Client, six months or more in advance. DFPG Investments does not foresee any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients. Neither DFPG Investments nor any of its officers or management persons has been the subject of a bankruptcy petition at any time during the past ten years.

[Remainder of page intentionally left blank.]