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Disclosure Brochure (Form ADV Part 2A)

Web SiteAddress: [www.dfpg.com](http://www.dfpg.com)  
CRD Number: 155576

Date of Brochure: March 26, 2021

This 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, 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”) 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 DFPG’s CRD/IARD number 155576.

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

Material changes since the annual updating amendment of the DFPG Investments' Form ADV Part 2A filed on March 31, 2020, include:

- Item 4 – Advisory Services: DFPG now includes 121 broker-dealer representatives and associates, 52 of which are also investment advisor representatives, and 4 additional investment advisor representatives not registered as representatives of the broker-dealer. DFPG has total combined assets between the broker-dealer and registered investment advisor divisions of approximately \$2,871,038,000, as of December 31, 2020.
- Item 5 – Fees and Compensation: The maximum annual rate for the Advisory Fee of Alternative Managed Solutions (AltMS) Platform Accounts has been lowered from 2.0% to 1.25%.
- Item 10 – Other Financial Industry Activities and Affiliations: Clarified that DFPG does business through a network of representatives who may have their own legal business entities whose trade names and logos differ from DFPG, but are under DFPG's supervision, and are listed in Schedule D of DFPG's Form ADV Part 1.
- Item 14 – Client Referrals and Other Compensation: DFPG has added information regarding potential referral and solicitor compensation arrangements. At the time of filing, no such arrangements exist, but DFPG anticipates entering into such relationships in the near future.

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

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## **ITEM 4 – ADVISORY BUSINESS**

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 Investments, Diversify, Inc., which was formed in 2004. Mr. Bendix is also owner of a branch office of DFPG Investments, Bridge Equities, Inc., which was formed in 2011.

As of March 26, 2021, DFPG Investments, LLC has 121 broker-dealer representatives and associates, 52 of which are also investment advisor representatives, and 4 additional investment advisor representatives not registered as representatives of the broker dealer. As of December 31, 2020, DFPG Investments’ broker-dealer division had investment assets that totaled approximately \$2,150,177,000. As of December 31, 2020, DFPG’s registered investment advisor division had total assets under management of approximately \$720,861,000, for which DFPG Investments had discretionary authority over \$719,178,000.

DFPG strives to provide personal attention and professional service to all Clients, incorporating an honest, diligent, and ethical approach. DFPG also 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 equity, and ETFs, but is certainly capable of providing advice on a host of other investment types as well.

## **Advisory Services**

### **FINANCIAL PLANNING SERVICES**

Financial planning is the process of meeting life goals through the proper management of your finances. These life goals can include buying a first or second home, saving for your children’s education, accumulating wealth in your investment portfolio, or planning for retirement. Financial planning and the related analysis is a multi-step process that provides you with two important things: An in-depth review of your current financial situation and a blueprint that shows you how to potentially achieve your goals and objectives for the future. Financial planning is an ongoing process, not a single event.

DFPG Investments capitalizes on the Firm’s investment review process and due diligence expertise to serve Clients in an advisory capacity. DFPG’s financial planning services focus on asset portfolios, diversification, and related risk-management solutions to find solutions with a goal of wealth accumulation. DFPG offers advice in an effort to protect you and your family from financial risks including those associated with loss of employment, premature death, or simply significant downturns in the market. With a plan, DFPG seeks to keep your income tax burden to the lowest level possible, use leverage wisely, and provide diversification to your portfolio and investment strategy.

### **CONSULTING SERVICES**

DFPG Investments offers Clients access to advisory consulting services, which includes general investment and product-based education. This service also includes investment guidance as it relates to various securities and their specific features and risks.

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

DFPG Investments offers portfolio/investment management services on both a discretionary and non-discretionary basis as granted by the Client in the Investment Management Agreement (“IMA”). Clients selecting discretionary services will grant DFPG Investments the authority to purchase and sell securities and other investment instruments in the account, while implementing asset allocations strategies and product strategies that are aligned with the individual or entity’s investment profile. DFPG will also have the authority to retain third parties or sub-advisors, which may include affiliates of DFPG, to perform any of the duties or obligations of DFPG under the Investment Management Agreement. Clients selecting non-discretionary portfolio/investment management dictate that DFPG’s recommendations and investment decisions must be preceded by approval from the Client.

DFPG offers customized portfolio/investment management to individuals, families, trusts, institutions as well as other legal registration types. Investment portfolios are developed to meet the Client's objectives and risk requirements, which are determined in advance with the Client. Every investment portfolio is designed and structured to meet both the short- and long-term financial objectives of the Client. DFPG believes that the best way for Clients to potentially achieve their long-term investment goals is through a disciplined approach incorporating time-honored principles of investing: diversification, asset allocation, quality, and patience.

DFPG's Investment Advisor Representatives ("IARs") customize a portfolio strategy based on your plan, focusing on long-term returns while being keenly aware of short-term market volatility and the fundamental relationship between your tolerance for risk and reward. In developing your portfolio management strategy, DFPG's representatives consider several factors including your investment goals, your time horizon, your risk tolerance, the tax impact of the strategy, your liquidity needs, economic conditions, various market exposures, and any reasonable investment guidelines or restrictions you provide.

DFPG Investments offers its portfolio/investment management services through several platforms, which are more fully described below.

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

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

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

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

Like the standard AMS Platforms, the AMS+ Platform offers the IAR full or limited trading authority to manage the assets and allocations in Client's account(s); however, the AMS+ platform is distinct from the standard AMS platform in that it is a Wrap Fee Program in which the Client pays one total fee, as a percentage of the value of assets in the account, which covers items that might otherwise be charged separately such as brokerage commissions or individual ticket charges, custody fees, etc. More information on this program can be found in DFPG's Wrap Fee Program Brochure.

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

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

The Client and IAR will work together to select one or multiple managers' 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. The Advisor 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.

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

### **Alternative Investment Managed Solutions (“AltMS”) Platform**

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

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

### **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 generally incorporate third-party managers, in multi-asset class strategies. 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 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.

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

In some cases, DFPG makes available the DMS Platform under a wrap fee program, to clients of approved representatives, who also provide similar investment management services for certain sleeves of the DMS account, acting similar to the third-party investment managers. For more detail, please see DFPG’s Wrap Fee Program Brochure.

### **RBC Managed Solutions (“RMS”) Platform**

The RMS platform is closed to new accounts, but some existing accounts remain. The RMS platform provides clearing and custody services through DFPG’s relationship with RBC Correspondent Services (“RBC”), and the utilization of various third-party managers available through RBC. RBC has performed initial due diligence on all available third-party managers. In addition, DFPG performs initial and ongoing due diligence on its selection of preferred RBC managers.

The Client and IAR will work together to select one or multiple managers’ 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.

To implement an RMS Platform account, DFPG and/or the IAR may utilize third-party technology solutions to provide services such as consolidated billing and reporting, or trade management.

### **Indexed Managed Solutions (“IMS”) Platform**

The IMS platform is closed to new accounts, but some existing accounts remain. The IMS platform provides clearing and custody services through DFPG’s relationship with RBC, utilizing index-based third-party manager models. DFPG & RBC have performed initial due diligence on these strategies and DFPG also performs ongoing due diligence.

The Client and IAR will work together to select one or multiple models 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, and Investment Management Agreement.

To implement an IMS Platform account, DFPG and/or the IAR may utilize third-party technology solutions, in conjunction with RBC and its partners, such as NextCapital Software, Inc. to provide services such as rebalancing, trade management, billing and reporting.

### **Unified Managed Solutions (“UMS”) Platform**

The UMS platform is closed to new accounts, but some existing accounts remain. The UMS platform allows the IAR to utilize strategies developed by DFPG which incorporate sleeves within the account managed by third-party managers or subadvisors, with traditional assets. DFPG will conduct due diligence on any potential outside managers prior to engagement. Those outside managers who are incorporated into DFPG’s strategies will also be subject to ongoing due diligence. In addition, DFPG will conduct ongoing analysis of the allocation of traditional assets and managers, 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 DFPG 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. The Advisor has authority to establish, modify, or terminate implementation of any DFPG strategy, which may in turn include establishing, modifying, or terminating relationships with third parties, including affiliates of the Advisor, third-party managers, or subadvisors as appropriate.

To implement a UMS Platform account, DFPG and/or the IAR may utilize third-party technology solutions to provide services such as allocation and sleeve management, consolidated billing and reporting, or trade management.

## **Sub-Advisory Services**

Whereas DFPG is dually registered as both an investment advisor and broker dealer, some of DFPG’s broker dealer representatives may also be investment advisor representatives of an outside investment advisor, or “outside RIA.” In such cases, DFPG offers sub-advisory services to those outside RIAs and their clients, allowing for the execution of investments, on a non-discretionary basis, into one or more illiquid alternative investments within Client’s account(s), with DFPG acting as a sub-advisor to the primary advisor. Client becomes a client of DFPG through DFPG’s Sub-Advisory Services Agreement, but DFPG defers to the IAR of record at the outside RIA to maintain the primary relationship and direct communication with Client. DFPG also relies on other information about Client provided by the IAR of the outside RIA. More detail can be found in the Sub-Advisory Services Agreement.

An alternative investment is generally defined as an asset that is not one of the conventional investment types, such as stocks, bonds, mutual funds, or cash. Alternative investment asset classes may include, but are not limited to, real estate, debt funds, private equity, commodities, hedge funds, venture capital, etc. and typically have minimum net worth and/or income requirements that must be met. Alternative investments are designed to assist investors in creating a diversified portfolio and may provide unique advantages; however, they are complex in nature and involve a high degree of risk.

For DFPG to manage the account(s) appropriately, DFPG requires that the Client complete each alternative investment sponsor’s subscription documents, as well as the DFPG New Account Form, Financial Statement Addendum, Sub-Advisory Services Agreement, Investment Representations and Agreement Form, and investment specific documentation. Some of these documents are obtained as Client conducts the initial trade through DFPG’s Broker Dealer division. These documents will be used to collect the Client’s basic financial information, risk tolerance, liquidity needs, time horizon, and other facts that will be used to guide the decisions the IAR of the outside RIA makes in determining if an alternative investment is appropriate within a Client’s account(s).

## Non-Managed Courtesy Account Services

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

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

## Tailoring of Advisory Services

DFPG Investments tailors its advisory services to the individual needs of its Clients. IARs begin by gathering information about the Client's personal financial situation and then meet with the Client to clarify and confirm the financial information and determine each Client's specific goals, objectives, needs, and risk tolerance. Then, the IAR recommends a proper asset allocation based on the Client's personal financial situation. The IAR then sets out to build an intelligent and efficient plan for each Client.

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.

## Wrap Fee Programs

As mentioned above, DFPG Investments provides Wrap Fee Programs, including the AMS Plus ("AMS+") Platform and in some circumstances, the DFPG Managed Solutions ("DMS") Platform. Under the Programs, DFPG offers portfolio/investment management services on a discretionary basis as granted by the clients in the Investment Management Agreement. The IAR's discretion will include the authority to purchase and sell securities and other investment instruments in the account, while implementing asset allocation strategies and product strategies that are aligned with the Client's investment profile.

Unlike non-wrap accounts where clients will pay brokerage commissions or transaction charges, in a wrap account the Client pays one total fee for management, brokerage, and custody. 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. Both DFPG and the IAR will receive a portion of the wrap fee for their services. More information on the Wrap Fee Programs is available in DFPG's Wrap Fee Program Brochure, which can be provided upon request.



## Retirement Plan Consulting Services

DFPG provides Retirement Plans with Fiduciary Services, and/or Communication and Education Services (“Services”), as agreed to in DFPG’s Retirement Plan Services Agreement.

### Plan Fiduciary Services

DFPG serves as an ERISA 3(21) Fiduciary in support of the Plan Sponsor, depending on the terms of the agreement with the Plan. DFPG provides the following Fiduciary Services, under the terms of the Retirement Plan Services Agreement with each Plan Sponsor:

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

### Communication and Education Services

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

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

## Assets Under Management

As of December 31, 2020, DFPG’s investment advisor division managed approximately:

- \$719,178,000 in Client assets on a discretionary basis
- \$1,683,000 in Client assets on a non-discretionary basis
- \$720,861,000 total Client assets

In addition, as of December 31, 2020, DFPG managed approximately \$2,150,177,000 through its broker-dealer division.

## ITEM 5 – FEES AND COMPENSATION

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

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

## PORTFOLIO/INVESTMENT MANAGEMENT FEE SCHEDULES

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

AMS accounts are charged an Advisory Fee negotiated between the client and the IAR, subject to a maximum annual rate of 2.0%. This Advisory Fee is billed in advance on a quarterly basis based on the market value of the assets in the account as valued by the custodian, and may include prorated fees for assets deposited to the account during the prior quarter. In rare cases, some legacy accounts may be billed in arrears.

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

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

Custodian	Equities/ETFs/UITs	Options	Mutual Funds
TD Ameritrade	Free* or \$6.95	\$6.95 + \$0.75 / contract	\$0 (No-Transaction Fee Funds) \$9.99 (DFA Funds) \$24.00 (other funds)
Charles Schwab	Free* or \$4.95 or \$12.95**	\$4.95 + \$0.65 / contract	\$0 (No-Transaction Fee Funds) \$31.00 to \$49.95 (other funds)
RBC	\$15.00	\$20.00 + \$1.25 / contract (\$3 contract min)	\$0 (all funds)

(\*) US equities and ETFs traded at no cost

(\*\*) \$4.95 for accounts with a household balance of \$1 million or greater, or accounts with e-delivery. \$12.95 for all other accounts.

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

The AMS+ Platform is a wrap fee program, and is discussed in more detail in DFIG's Wrap Fee Program Brochure.

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

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

The Advisory Fee is negotiated between the client and the IAR, subject to a maximum annual rate of 2.0% imposed by DFIG. The Advisory Fee may be subject to even lower maximums imposed by the outside manager(s).

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

OMS accounts at TD Ameritrade or Charles Schwab may also be charged up to 0.10% annually in lieu of ticket charges, directly by the custodian. For certain managers, ticket charges are applied instead of the 0.10% annual fee, in an effort to reduce overall costs to the client. All OMS accounts may also be charged other fees by the outside manager(s) and/or custodian(s). These outside managers' or custodians' fees will be disclosed and agreed to separately, at or before the time of account opening.

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

### Alternative Investments Managed Solutions ("AltMS") Platform

AltMS accounts are charged an Advisory Fee negotiated between the client and the IAR, subject to a maximum annual rate of 1.25%. This Advisory Fee is billed in advance on a quarterly basis based on the market value of the assets in the account as valued by the custodian, and may include prorated fees for assets deposited to the account during the prior quarter. Due to the illiquid nature of most alternative investments there may be no prevailing market for the securities or underlying assets and the alternative investments may be hard to value. The custodians typically make a good faith effort to obtain updated valuations from the investment sponsors or they will "fair value" the securities based on each custodian's valuation policies and procedures.

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

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

Custodian	Alternative Investment Transaction*	Alternative Investment Custody Fee*
TD Ameritrade	\$50.00	\$75.00 per position (\$300.00 annual cap per account)
Charles Schwab	N/A	\$250.00 per position (\$500.00 annual cap per account)
Community National Bank	Subject to change. Please see: <a href="http://www.cnbservice.net/forms/">http://www.cnbservice.net/forms/</a>	Subject to change. Please see: <a href="http://www.cnbservice.net/forms/">http://www.cnbservice.net/forms/</a>

\*Custodians may offer a list of certain Alternative Investments for which there is no Transaction or Custody fees.

### DFPG Managed Solutions ("DMS") Platform

DMS accounts are billed by a DFPG-approved sub-advisor or third-party service provider. DMS accounts are charged an Advisory Fee negotiated between the client and the IAR, and a Management Fee, disclosed and agreed to at or before account opening, a portion of which is retained by DFPG, and a portion of which is paid to any sub-advisors or third-party investment managers directly or indirectly employed by DFPG in the management of the account. The sum of the Advisory and Management Fees is subject to a maximum of 2.0%.

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

The Advisory and Management Fees do not include other possible fees, such as custodian fees, underlying investment fees, or other

third-party fees. When applicable, a trading fee is charged per trade in DMS Platform accounts by the qualified custodian, as reflected in the table above, under the AMS Platform Fees section. Otherwise, DMS Platform accounts may be charged up to 0.10% annually directly by the custodian, in lieu of trading fees.

In some cases, DFPG's Representatives offer DMS Platform Accounts in a wrap fee program, and provide investment management services for a sleeve of the DMS account, acting similar to the third-party investment managers. In such cases, clients will receive the DFPG Wrap Fee Program Brochure, where this option is discussed in more detail.

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

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

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

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

### **Index Managed Solutions ("IMS") Platform**

IMS accounts are charged a flat Advisory Fee of 1.0%.

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

Upon payment, the Advisory Fee is divided into two portions. First, DFPG and RBC retain a portion of the Advisory Fee for administrative services such as billing, trading, and rebalancing. DFPG shares the remaining portion of the Advisory Fee with the IAR, based on the agreement between the IAR and DFPG.

### **Unified Managed Solutions ("UMS") Platform**

UMS accounts are billed by Envestnet, a third-party technology provider. Envestnet's billing includes the Advisory Fee negotiated between the client and the IAR, subject to a maximum annual rate of 2.0%, as agreed to by the Client in the DFPG Investment Management Agreement. Envestnet's billing also includes: a Sponsor Fee, a portion of which will be paid to DFPG in lieu of the portion normally paid to DFPG out of the Advisory Fee in other platforms; and the management fees of any third-party managers involved in the strategy selected. These other fees are disclosed and agreed to separately, at or before account opening.

Envestnet bills 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 Advisory Fee is paid to the IAR, based on the agreement between the IAR and DFPG.

The Advisory Fee does not include other possible fees, such as custodian fees, underlying investment fees, or other third-party fees. As custodian, TD Ameritrade may charge the account(s) up to 0.10% annually for trade execution.

### **SUB-ADVISORY SERVICES**

Sub-advisory accounts are billed either in whole or in part by DFPG.

*When billed in whole by DFPG:* Sub-advisory accounts are charged an Advisory Fee negotiated between the client and the IAR, subject

to a maximum annual rate of 2.0%. Sub-advisory accounts are also charged a Management Fee of 0.25%. The Advisory Fee and Management Fee are combined and billed as a single fee by DFPG. This single 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.

*When billed in part by DFPG:* Sub-advisory accounts are charged a Management Fee of 0.25%, 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 outside RIA may also charge their own advisory fee or other fees, as negotiated with the outside RIA.

The Advisory and Management Fees do not include other possible fees, such as custodian fees, underlying investment fees, or other third-party fees. When applicable, a transaction fee and custody fees may be charged per alternative investment in sub-advisory accounts by the qualified custodian, as reflected in the table above, in the AltMS Platform Fees section.

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

Clients may, at their own discretion, choose to be charged a fee for certain consulting, advisory, and/or financial planning services on an hourly, fixed project, or fixed annual fee rate. If selected, hourly fees will be set at a maximum of \$400 per hour, to be negotiated between the Client and IAR, and is billed in arrears. Fixed project-based fees are billed at a rate of fifty percent (50%) in advance and the remainder due upon the completion of services. Fixed annual fees are billed quarterly in advance. The hours and related services vary depending on the scope of services provided, complexity of the process undertaken, types of issues addressed, and frequency of services rendered.

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

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

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

### **SERVICE FEES FOR NON-MANAGED COURTESY ACCOUNTS**

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

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

## **Other Fees and Expenses**

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

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

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

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

### Payment and Billing

Fees must be paid quarterly and are negotiable based on several factors including, but not limited to, longevity of the account, the type of Client, whether the Client wishes to impose restrictions on DFPG's discretionary investment authority, the amount of assets under management with DFPG, and other business considerations. Depending on the Platform(s) chosen by Client, accounts may be aggregated for pricing discounts. Whether the fee shall be paid in advance or arrears will also depend upon the Platform(s) chosen by Client and any third-party money managers utilized by DFPG in the fulfillment of its obligations under the terms of the Investment Management Agreement. Accounts opened or closed during a given calendar quarter may be prorated or rebated, as appropriate, depending on whether the account is billed in advance or arrears. Changes to fee schedules generally become effective the following billing cycle.

The agreements for financial planning and 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 are subject to a cost of reimbursement of fees, charged by the custodian, related to transferring the account and the custodian may impose a fee to close the account. Client has the right to terminate the contract without penalty within five (5) business days after entering into the agreement. If the Client terminates the contract on this basis, all fees paid by the Client will be refunded.

Upon 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.

### Conflicts of Interest

Certain IARs of DFPG Investments are also 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 impairs the objectivity of the persons making the recommendations. However, DFPG Investments does not permit its IARs to earn commissions or markups on securities and insurance purchased or sold when advisory fees are charged for management of the same assets.

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

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 Client's financial objectives, goals, and risk tolerance;
5. DFPG Investments does not permit its IARs to earn commissions or markups on securities and insurance purchased or sold when advisory fees are charged for management of the same assets;
6. 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 strive to act in the Client's best interest at all times.

### **ITEM 6 – 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 asset-based, fixed, or hourly, which DFPG feels aligns its motivations with that of its Clients.

### **ITEM 7 – TYPES OF CLIENTS**

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

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

#### **Investment Strategies**

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.

DFPG's financial plans seek to protect assets, potentially increase portfolio value, and anticipate future income needs. In addition, DFPG strongly encourages clients to control debt, maintain sufficient reserves and stand prepared for various and unavoidable, market cycles.

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

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

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

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.

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

Depending on the Platform selected by the Client, the Client's account may be managed by a third-party manager or subadvisor. Although the third-party manager or subadvisor is responsible for its own investment methodology and strategy, DFPG will review the strategy being employed in managing the Client's account to determine if it appears suitable based on the Client's goals, financial circumstances, investment objectives, expected investment time horizon, and risk tolerance. In such circumstances, DFPG will have the authority to establish, modify, or terminate relationships with third parties, which may include affiliates of the Advisor, third-party managers, or subadvisors, who may be retained to perform any of the duties or obligations of DFPG under the Investment Management Agreement. DFPG will also have the authority to perform any and all other acts in its judgment necessary or appropriate for the management of the Client's account, or are necessary to enable DFPG to carry out its obligations under the Investment Management Agreement without obtaining the prior approval or direction of the Client.

## Risk of Loss

Please be aware that investing in securities involves risk of loss that you 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 your financial goals and objectives will be met. Past performance is in no way an indication of future results. All investments involve risk, including the potential loss of initial capital invested. Investors face risks including, but not limited to, the following:

### Market and Economic Risk

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

### Interest Rate Risk

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



**Liquidity Risk**

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

**Credit Risk**

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

**Inflation Risk**

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

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

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

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

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

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

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

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

## **ITEM 9 – DISCIPLINARY INFORMATION**

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

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

DFPG Investments, LLC is registered broker-dealer and member of FINRA, and certain DFPG IARs are also registered as securities representatives (broker-dealer agents) of the broker-dealer.

DFPG offers services through our network of IARs, who may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials or client statements. The Client should understand that the businesses are legal entities of the IAR and not of our firm, DFPG Investments, LLC. The IARs are under the supervision of our firm, DFPG Investments, LLC, and the advisory services of the IAR are provided through our firm, DFPG Investments, LLC. Our firm, DFPG Investments, LLC has the arrangement described above with various entities which may change from time to time, but are listed in Schedule D of DFPG's Form ADV Part 1, which can be found at <https://adviserinfo.sec.gov/>.

IARs that are also registered representatives of the broker-dealer division of DFPG 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 will impair the objectivity of the persons making the recommendations. However, DFPG Investments does not permit its IARs to earn commissions or markups on securities and insurance purchased or sold when advisory fees are charged for management of the same assets.

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. In addition, 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.

Various IARs of DFPG are also insurance agents/brokers of DFPG Insurance, Diversify Insurance, Inc. (affiliated companies), and/or another insurance agency. In this capacity, IARs of DFPG Investments 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. DFPG Insurance, Diversify Insurance, Inc. and DFPG Investments, LLC are under common control.

## **ITEM 11 – 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. DFPG Investments' IARs are required to follow DFPG's COE. The COE includes the following:

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

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

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 requires 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 wherein 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 significantly high volume of securities transactions is undertaken, front-running is in direct violation of the rules, regulations and guidelines of both the SEC and FINRA. Furthermore, it is unethical and is prohibited by DFPG Investments. DFPG monitors and reviews the outside brokerage accounts and securities transactions of its representatives in an effort to ensure that front-running or 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 persons associated with its advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to DFPG's 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.

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.

## **ITEM 12 – BROKERAGE PRACTICES**

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

### **Soft Dollar Benefits**

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

TD Ameritrade, Charles Schwab, and RBC also make available to DFPG Investments other services intended to help DFPG manage and further develop its business enterprise. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. TD Ameritrade, Charles Schwab,

and RBC may also make available, arrange, and/or pay for these types of services rendered to DFPG by independent third parties.

(See the U.S. Securities and Exchange Commissions' Inspection Report on the Soft Dollar Practices of Broker-Dealers, Investment Advisers and Mutual Funds dated September 22, 1998. A copy is available by calling DFPG Investments' Compliance Department at 801.838.9999.)

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

It is likely that DFPG Investments from time to time will affect securities transactions and pay a commission that exceeds the commission another broker-dealer would have charged. Price is not the sole factor considered in evaluating best execution. DFPG also considers the quality of the brokerage services provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to its Clients and the Firm. In exchange for the level of quality this company provides, Clients may pay higher or lower commissions and/or trading costs than those that may be available elsewhere.

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

### Client Referrals

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 is, of course, under no obligation to utilize any of the services of DFPG Investments, and Clients have the right to take their business elsewhere.

DFPG Investments did not direct Client referrals to any other broker-dealer in its last fiscal year in return for compensation or reciprocal client referrals.

### Directed Brokerage

The Client may direct DFPG to use a particular broker-dealer to execute some or all transactions for the account (subject DFPG's right to decline and/or terminate the engagement). In such event, the Client will negotiate terms and arrangements for the account with that broker-dealer, and DFPG will not seek better execution services or prices from other broker-dealers or be able to aggregate the Client's transactions, for execution through other broker-dealers, with orders for other accounts advised or managed by DFPG. As a result, the Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. If the transactions for the account are effected through a broker-dealer that refers investment management Clients to DFPG, the potential for a conflict of interest may arise.

DFPG Investments may recommend, but not require, that the Client execute transactions through TD Ameritrade, Charles Schwab, RBC, or its broker-dealer division due to the benefits these entities provide, such as their access to products, markets for securities being traded, and execution capabilities in the case of TD Ameritrade, Charles Schwab, and RBC. A conflict of interest is created in that it may be possible for a Client to pay less fees and/or commissions at another firm. While DFPG representatives always strive to act in the Client's best interest, a conflict will nonetheless exist.

Where practical and in the interest of best execution, orders to buy or sell a particular security that are placed through DFPG may be aggregated with other orders and executed as a "batch" order. With respect to the allocation of trades, DFPG shall not favor any

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

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.

### **ITEM 13 – REVIEW OF ACCOUNTS**

Client accounts are reviewed at regular intervals. Reviews of investment accounts typically look at portfolio consistency with regards to your risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. Reviews also consist of covering account holdings, transactions, charges, and performance as provided on such statements and other account reports. Clients who also receive financial planning advice are reviewed on the same schedule. Reviews cover progress toward financial independence, anticipated distributions toward family legacy goals, anticipated distributions for social capital or charitable goals, as well as other goals communicated by the Client. In either type of review, accounts will also be reviewed upon notice of changes in a Client's circumstances.

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 monthly or quarterly account statements from TD Ameritrade, Charles Schwab, RBC, or an equivalent qualified custodian depending on the activity in the account. Reports include details of Client holdings, asset allocation, and other transaction information. (Also see "Item 15 – Custody" for additional information on custodial and account statements.)

TD Ameritrade, Charles Schwab, RBC, or the IAR may provide you with additional account review reports. Comparisons to market indices and account performance may be used to evaluate account performance in connection with these review reports. Information in these account review reports may be provided by Clients or third parties. 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 contained within Item 13 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.

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

DFPG may enter into solicitation agreements pursuant to which it compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by DFPG. DFPG will disclose these solicitation arrangements to affected clients, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to DFPG may receive compensation from DFPG, such as a retainer, a flat fee per referral, and/or a percentage of introduced assets. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time.

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

In some instances, DFPG may receive economic benefit from someone who is not a Client for providing investment advice or other advisory services. 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.

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

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

In addition, as previously noted, some of DFPG’s representatives also receive compensation for insurance services and from brokerage commissions.

### **ITEM 15 – CUSTODY**

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

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

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

In certain cases, DFPG Investments may also produce statements for its Clients. In the event that the Client does receive a statement from a broker-dealer, bank, or qualified custodian as well as from DFPG Investments, DFPG urges Client to compare the statements thoroughly for accuracy and consistency, and promptly contact their IAR if any discrepancy is noted. If you do not know who your IAR is, you may contact DFPG Investments, LLC at 801-838-9999.

Please note that DFPG’s statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **ITEM 16 – INVESTMENT DISCRETION**

IARs of DFPG Investments may provide advisory services on a discretionary or non-discretionary basis. Clients grant this discretion in their Investment Management Agreement with DFPG. In cases where DFPG Investments has discretionary authority, DFPG has



the authority to determine the type, amount, and the broker-dealer to be used for the purchase or sale of securities for a Client's account. This discretion is limited to trading within an account and does not include the ability, access, or authorization to move assets out of an account; transfers between like registrations and account owners are permissible upon client approval. DFPG will also have the authority to retain third parties or sub-advisors, which may include affiliates of DFPG, to perform any of the duties or obligations of DFPG under the Investment Management Agreement.

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

Clients may impose limitations or restrictions on investing in certain securities or types of securities. However, 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. Clients wishing to impose limitations or restrictions on investing in certain securities or types of securities may do so by providing specific written instructions as to the limitation or restriction, along with a Limited Power of Attorney, if applicable, to their IAR as well as to the DFPG Compliance Department. This is generally accomplished using DFPG's Investment Management Agreement, in the Guidelines and Restrictions section.

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

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

As a matter of Firm policy and practice, DFPG 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 all securities maintained in Client portfolios. Clients will receive proxies directly from their custodian or transfer agent. Should DFPG inadvertently receive proxy information for a security held in Client's account, then DFPG 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 the Client specifically requests such advice, DFPG Investments may provide general advice to Clients regarding the Clients' voting of proxies.

### **ITEM 18 – FINANCIAL INFORMATION**

DFPG Investments has not attached a balance sheet for its most recent fiscal year because DFPG has determined it does not maintain custody of Client funds or securities, nor does DFPG require prepayment of more than \$1,200 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. In addition, 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.

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