

Part 2A of Form ADV: *Firm Brochure*

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(CRD # 112743)**

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This brochure provides information about the qualifications and business practices of Diversified Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 303.440.2906 or rpyle@diversifiedassetmanagement.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Diversified Asset Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You may also search for Diversified Asset Management, Inc. by using the firm's CRD number, which is 112743.

Registration or licensure with the SEC or with a state securities authority does not imply a level of skill or training.

Item 2 Material Changes

There are no other material changes from the previous annual update of our firm brochure dated March 15, 2017. Please note that only material changes are typically discussed in this section of our brochure and only material changes from the date of our last annual update.

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Item 4 Advisory Business

Diversified Asset Management, Inc. (“Diversified” or “DAMI”) is a Colorado-licensed investment adviser with its principal place of business located in Colorado. Diversified began conducting business in 1996.

The firm's sole principal owner is Robert J. Pyle, CFP®, CFA®, AEP®, Principal/Financial Planner.

We offer the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES, PORTFOLIO MANAGEMENT AND WEALTH MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Typically through personal discussions in which goals and objectives based on a client's particular circumstances are established using a five-step multi-meeting process, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we may seek to determine the client's individual objectives, time horizons, risk tolerance, liquidity needs, suitability, and other factors. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. For some clients, these steps are combined or condensed, depending on various factors, including the size of the client's account and client portfolio needs.

We manage these advisory accounts on a discretionary basis pursuant to the authority received under the investment advisory agreement with that client. To assist DAMI with its discretionary powers granted under that advisory agreement, DAMI may seek a limited power of attorney from a custodian in connection with accounts held by that custodian on behalf of the client. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

DAMI will facilitate the opening of accounts, implementation of the asset allocation recommended in the investment plan, and rebalancing of the portfolio as needed for each client. Clients will receive quarterly portfolio evaluation reports and time-weighted rate of return reports.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with our reasonable assessment of the client's stated investment objectives, tolerance for risk, liquidity and suitability.

In addition, there are certain investments for which DAMI does not provide investment advice, such as futures and currencies.

Wealth Management Services

DAMI also provides a Wealth Management Services program, under which each client receives an investment plan, which may include an analysis of their current financial situation, a detailed description of their most important financial goals, as well as recommendations for achieving

those financial goals.

In support of this investment plan, DAMI typically generates an investment policy statement that includes a description of the investment approach and supporting data and analysis.

Finally, as part of our wealth management services, we also offer insight into wealth enhancement, wealth transfer, asset protection and charitable gifting.

FINANCIAL PLANNING

DAMI also provides financial planning services, usually, though not necessarily, in conjunction with our investment and wealth management services. Financial planning typically refers to a comprehensive evaluation of a client's current and future financial state by using currently known variables to seek to predict future cash flows, asset values and withdrawal plans. In the course of the financial planning process, a range of questions, information and analysis is usually taken into consideration before a financial plan is developed.

In general, the financial plan can address any or all of the following areas:

- Personal and family history
- Tax and cash flow
- Investments and investment alternatives
- Insurance
- College planning
- Retirement goals and strategies
- Death and disability
- Estate plans and strategies

The client determines, in his or her sole discretion, the amount of hours of financial counseling required. Generally, the client may continue for as long as the client believes necessary or stop at any time. Financial planning recommendations are not limited to any specific product or service. All recommendations are of a generic nature.

BAM Advisor Services, LLC™ 401k RETIREMENT PLAN SERVICES

DAMI advises 401k plans through the **BAM Advisor Services, LLC ("BAM")** 401k program. The program seeks to bring the same investment philosophy and managed portfolios generally used with DAMI's individual wealth management clients to 401k participants in a daily-valuation recordkeeping format.

Under the program, DAMI typically recommends model portfolios comprised of a diverse group of asset-class specific, no-load mutual funds and exchange-traded funds. Plan participants have the option of selecting a model portfolio or constructing their own customized portfolio of funds.

BAM is a registered investment adviser and is independently owned and operated. Typically under these arrangements, 401k plans, through their authorized representatives, will enter into agreements with both BAM and DAMI. Pursuant to these agreements, BAM exercises sole discretion and constructs and maintains the model portfolios. Plan representatives establish a relationship with an independent qualified recordkeeper on behalf of the Plan. BAM has sole discretion to direct a Plan's recordkeeper to rebalance account balances of Plan participants to the extent necessary to comply with the current allocation of BAM's model portfolios.

DAMI reserves the right to recommend other 401k plan providers if the situation warrants.

CONSULTING SERVICES

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

All recommendations provided as part of our consulting services are of a generic nature.

AMOUNT OF MANAGED ASSETS

As of December 31, 2016, and based in part on information made available to DAMI by its clients, we were actively managing approximately \$76,116,794 of clients' assets on a discretionary basis plus approximately \$3,978,691 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY FEE / WEALTH MANAGEMENT FEE SCHEDULE

The annual fee for investment supervisory/wealth management services ranges from 0.5% to 1.5%, depending on the size and complexity of the account. Where investment supervisory/wealth management services are provided together with financial planning services, a separate fee for such financial planning services is charged. Financial planning fees are described in more detail below.

The annualized fees for Investment Supervisory Services are charged as a percentage of assets under management, typically according to the following schedule:

Value of All Managed Accounts with Firm	Per Quarter	Annualized*
Up to \$2,500,000	0.2500%	1.00%
\$2,500,001 to \$5,000,000	0.2000%	0.80%

\$5,000,001 to \$10,000,000	0.1750%	0.70%
Amount above \$10,000,001	0.1250%	0.50%

*** Absent special considerations which may include those described below, all accounts are subject to a minimum annual fee of \$7,500 (or \$1,875 per quarter).** This minimum annual fee is applicable even for account sizes below \$750,000. DAMI may, however, agree to an account minimum below this threshold and/or a minimum annual fee below \$7,500 if it determines that circumstances (which may include complexity of account, level of services requested, the age or professional history of a client, and other client specific factors) warrant. Actual fee rates may be negotiated with DAMI and may differ from those presented here.

Minimum Account Sizes

With respect to its investment advisory accounts (not including BAM Advisor Services, LLC 401k program accounts), DAMI will generally require an initial \$750,000 minimum account size, and an ongoing \$500,000 minimum account size, though DAMI reserves the right to make exceptions in its sole discretion. If your account size falls below \$500,000, DAMI may request to speak with you regarding the continued management of your account.

Each client may have a different quarterly cycle. The fee for each quarter is payable at the start of that quarter in advance, and is typically automatically deducted from client accounts. Clients may also, in lieu of automatic debiting, elect to receive bills. The fee for that quarter is based on the market value of the account(s) (including cash and cash equivalents), calculated as of the beginning of that quarter. Although DAMI may not have physical custody of client assets, in connection with the deduction of fees, DAMI may be regarded as having custody under securities laws, and DAMI intends to utilize the safeguards set forth in Rule 51-4.10(IA)B.2 of the Rules under the Colorado Securities Act, including (a) written authorization from the client, (b) notice of fee deduction by DAMI concurrently to qualified custodian and client, (c) notice from qualified custodian to client, and (d) notification by DAMI to the Commissioner through the inclusion of this sentence in our Form ADV (see Item 15 –Custody for more details).

The fee will be prorated during a quarter in which a client begins service. Normally when a client begins service other than at the beginning of a quarter, the market value of the account(s) at inception plus any other contributions during that quarter is used to calculate the fee. Similarly, when the management for the client ends other than at the end of the quarter, the prorated portion of the fee is refunded to the client, subject to transaction costs associated with the closing of accounts. The typical transaction costs will be the normal mutual fund trading fees if account liquidation is desired. In addition, the custodian may charge a fee to close the accounts. Clients may inquire about any refundable fees by calling DAMI at 303.440.2906.

All fees are negotiated and agreed upon in writing in advance of the work performed. When, on a case-by-case basis, DAMI's responsibilities differ from those normally involved in the management of a standard DAMI account, DAMI may negotiate a higher or lower fee

arrangement based on the specific facts. As an example, when DAMI manages more than one portfolio for a client, because there is less demand on DAMI's resources in terms of servicing the client's needs (than if there were two separate clients), DAMI may offer an additional discount to the client, and so DAMI may negotiate a reduced fee based on the specific facts and duties required. Assets of affiliated entities and assets of a client with more than one account may be aggregated for fee calculation purposes. The account minimums and applicable fee schedules may be waived or modified on a case-by-case basis at DAMI's sole and absolute discretion.

Special client requirements, such as compliance with special investment restrictions or the use of specially designed securities universes, and particular facts and circumstances relating to certain accounts, may also result in different fee rates.

In addition to DAMI's fees, certain investments (such as mutual funds or exchange-traded funds) may charge additional transaction fees to purchase and sell those investments, as well as annual operating fees and expenses. Although these fund-level fees and expenses are not charged by DAMI, investors still indirectly bear these fees and expenses to the extent such funds are a part of the investor's portfolio. Some of these additional fees and expenses are imposed to discourage certain market practices, such as international arbitrage or day trading. These fees and expenses are described in each fund's prospectus, which may be available online or directly from the fund. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

BAM Advisor Services, LLC 401k

In connection with services provided under the BAM Advisor Services, LLC 401k program, a plan will typically be charged fees according to the following schedule:

Value of Included Assets	DAMI's Annual Fee	BAM's Annual Fee	Total Annual Fee
On the first \$1 million	.70%	.30%	1.00%
On the next \$4 million	.45%	.20%	.65%
On the next \$5 million	.25%	.15%	.40%
On all amounts > \$10 million	.15%	.10%	.25%

The above fee schedule does not include management fees and expenses of underlying funds, or any brokerage commissions, custodial or recordkeeping fees or other expenses incurred by the plan and/or its participants in connection with investment and/or administration of the plan.

If the client chooses a multiple employer 401k plan under the BAM Advisor Services, LLC 401k program, a plan will typically be charged fees according to the following schedule:

Value of Included Assets	DAMI's Annual Fee	BAM's Annual Fee	Total Annual Fee
On the first \$1 million	.70%	.30%	1.00%
On the next \$4 million	.45%	.30%	.75%
On the next \$5 million	.25%	.20%	.45%
On all amounts > \$10 million	.15%	.20%	.35%

The above fee schedule does not include management fees and expenses of underlying funds, or any brokerage commissions, custodial or recordkeeping fees or other expenses incurred by the plan and/or its participants in connection with investment and/or administration of the plan. ***Typically the administrative fees may be less under a multiple employer 401k plan, but you should consult you plan details for more information.***

FINANCIAL PLANNING SERVICES

Occasionally, DAMI will create a financial plan for a client that is not in conjunction with the investment management and wealth management services. The fees that are charged for financial planning services are currently up to \$350 per hour, depending on the complexity of your financial situation. The fee is payable after the presentation of the financial plan. There is also a minimum \$2,500 initial charge for a financial plan, regardless of the actual time incurred for the development of a particular financial plan. This means that, for example, if your financial plan requires 6 hours of work, you will still be charged \$2,500 (despite the hourly rate being \$350); however, if your financial plan requires 10 hours of work, you will be charged \$3,500 (which reflects 10 hours at \$350 per hour). These hourly fees may increase from year to year. If you have engaged DAMI to provide financial planning services in addition to wealth management services, please note that financial planning fees are separate and distinct from fees that you would pay for wealth management services.

The client determines, in his or her sole discretion, the amount of hours of financial counseling required. Generally, the client may continue the engagement for as long as the client believes necessary or stop at any time.

CONSULTING SERVICES

Occasionally, DAMI is asked by its clients to provide research or consultation on general investment matters or for securities that may be over and above what DAMI provides to the client in its investment supervisory services. In such cases, DAMI will accommodate the client's wishes and needs in those areas where DAMI's professionals can offer advice. The fees charged for such consulting service are up to \$350 per hour, depending on the complexity of the request. The fees are payable after delivery of the consulting services or report.

ADDITIONAL FEES AND EXPENSES

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which a fund adviser effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

GENERAL INFORMATION

Termination of the Advisory Relationship: Although the terms of an actual executed agreement will govern, client agreements typically may be canceled at any time, by either party, for any reason upon receipt of **thirty (30)** days' written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

Grandfathering of Minimum Account Requirements and Advisory Fees: Pre-existing advisory clients are subject to DAMI's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: DAMI is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to certain sections of the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, DAMI may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or Rule 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or Rule 12b-1 fees, however, only when such fees are used to offset DAMI's advisory fees. A more detailed description of the services provided by DAMI, and the particular scope of DAMI's fiduciary role under ERISA, can typically be found in the respective client agreements.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

DAMI does not charge performance-based fees.

Item 7 Types of Clients

DAMI typically provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above
- 401k plans

Account minimums are described on page 7 of this brochure.

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

METHODS OF ANALYSIS

We may use some or all of the following methods of analysis in formulating our investment advice and/or managing client assets:

Asset Allocation. Rather than focusing primarily on securities selection, we typically attempt to identify an appropriate ratio of equity securities, fixed-income securities, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equity securities, fixed-income securities, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Fundamental Analysis. We attempt to measure the intrinsic value of a security typically by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market

regardless of the economic and financial factors considered in evaluating the stock.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk of using qualitative analysis is that our subjective judgment may prove incorrect.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the funds or companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

Our investment philosophy is based on Modern Portfolio Theory and the belief that the markets are efficient.

Efficient Markets. We believe that the stock market is efficient, and we feel it is very hard to outperform the market by picking individual stocks. To implement this strategy we use institutional funds that target a specific asset class or asset classes. These funds generally tend to be low in relative cost and low in turnover. Low turnover funds usually have lower capital gains and better performance over the long run.

Funds. We use passively managed institutional funds that invest in securities which represent the characteristics of certain asset classes such as large cap or small cap stocks. These passively managed funds use a consistent strategy for the securities that they invest in. This is important because some actively managed funds are not always consistent with their investment style. We believe that actively managed funds sometimes chase hot asset classes, sectors or stocks and that this can ultimately undermine your portfolio asset allocation.

Institutional mutual funds typically have much lower expense ratios than the average mutual fund, and these funds are available to clients of financial advisors and in other institutional accounts such as 401(k), etc.

When creating diversified portfolios for clients, DAMI primarily uses open-end mutual funds advised by Dimensional Fund Advisors Inc. (“DFA”) and its affiliates, based on DAMI’s knowledge and familiarity with the DFA open-end mutual fund product line. DAMI is not affiliated in any way with DFA or any of DFA’s affiliates, and does not receive any direct or indirect compensation from DFA or any of DFA’s affiliates in connection with the use or recommendation of these products. At no cost, DFA provides DAMI with an analytical, proprietary research tool that allows DAMI to compare various DFA mutual funds.

Diversification. We strongly believe in diversification around the world. Our strategy is based on the assumption that diversification with domestic and international stock and bond funds helps to reduce overall portfolio volatility.

Small Stocks vs. Large Stocks. Historically, small companies tend to outperform large companies because they are riskier. We implement this strategy by using asset class specific funds or core funds on both the domestic and international portions of a portfolio.

Value vs. Growth Stocks. Historically, value stocks tend to outperform growth stocks because they are riskier. We implement this belief by tilting towards value stocks by using asset class specific funds or core funds on both the domestic and international portions of a portfolio.

Market Timing. We do not believe in market timing. Our definition of market timing is selling all your positions and going to cash, then at some later time repurchasing all your positions. In general, we feel this process is destructive to your long term investment plan.

Bonds. We believe the bond market is efficient and that longer maturities are typically not worth the risk. We usually stay short term with our bond funds, and we diversify around the world.

Portfolios. We typically create portfolios with a range of stock and bond funds diversified around the world. The portfolios range from 100% stock funds and 0% bond funds to 0% stock funds and 100% bond funds. These portfolios range in volatility and are chosen based on the client’s goals and risk tolerance. We make every attempt to get close to our model portfolios but that is not always the case.

RISK OF LOSS AND OPERATIONAL RISKS

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

In addition to the risks associated with the methodologies and strategies described above, certain risks may be applicable to your investment, including, but not limited to the items below. Risks may vary from account to account and depending on the type of services we provide.

Market Risk. The value of a portfolio may fluctuate over time in response to overall movements

in the stock market, which may affect the value of securities held by funds.

Equity Securities Risk. The prices of equity securities fluctuate based on changes in a company's financial condition and overall market and economic conditions. The value of equity securities for could decline if the financial condition of the companies declines or if overall market and economic conditions deteriorate, which could affect the performance of a fund invested in equity securities or of your account.

Small-cap and Mid-cap Risk. These companies often are newer or less established companies than larger companies. Investments in these companies carry additional risks because, among other reasons, earnings of these companies tend to be less predictable. This could affect the performance of a fund invested in such companies or of your account

Debt Securities Risk. All debt securities are subject to two types of risk: credit risk and interest rate risk. Credit risk refers to the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt. Interest rate risk refers to fluctuations in the value of a debt security resulting from changes in the general level of interest rates. These factors could affect the performance of a fund invested in debt securities or of your account.

Foreign Investment and Emerging Markets Risk. The prices of securities of issuers in markets outside the United States may be more volatile than securities of issuers in the U.S. market due to, among other things, comparatively unstable political, social and economic conditions; limited or ineffectual judicial systems; comparatively small market sizes; trade or diplomatic disputes and undeveloped regulatory environments.

Business Continuity and Key Person Risk. Mr. Robert Pyle, the firm's sole principal owner, is a key person of DAMI. If Mr. Pyle is incapacitated or otherwise unable to make decisions on behalf of DAMI for an extended period of time, the firm's investment operations may be materially affected.

Cybersecurity and Electronic Communications Risk. The firm uses electronic communications and media for various tasks, including certain communications with the firm's clients as well as storage of certain data. In connection with the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, the firm may be susceptible to operational, information security and related risks due to the possibility of cyber-attacks or other incidents. Cyber incidents may result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks or devices that are used to service our operations through hacking, lack of proper handling of passwords by clients or personnel, or via other means for the purpose of misappropriating assets or sensitive information, corrupting data or causing operational disruption. In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information stored on our systems.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

DAMI and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Employees of DAMI must (i) place the interests of clients first, (ii) avoid taking inappropriate advantage of their positions within DAMI, and (iii) conduct their personal securities transactions in full compliance with the Code of Ethics.

To that end, DAMI's Code of Ethics includes policies and procedures including, but not limited to, the following:

- Provisions for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the certain DAMI employees.
- Policies requiring the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering.
- Policies restricting the use of material non-public information.
- Prohibitions on recommendations of securities (other than open-end mutual fund securities) that are owned by DAMI personnel, or in which DAMI personnel have a material financial interest.
- Prohibitions on transactions in securities (other than open-end mutual fund securities) by DAMI personnel where such securities are owned by a client account or recommended to a client.

These and other provisions of the Code of Ethics seek to, among other things, prevent DAMI employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As discussed in Item 8, when creating diversified portfolios for clients, DAMI primarily uses open-end mutual funds advised by Dimensional Fund Advisors Inc. ("DFA") and its affiliates, based on DAMI's knowledge and familiarity with the DFA open-end mutual fund product line. DAMI is not affiliated in any way with DFA or any of DFA's affiliates, and does not receive any direct or indirect compensation from DFA or any of DFA's affiliates in connection with the use or recommendation of these products. At no cost, DFA provides DAMI with an analytical, proprietary research tool that allows DAMI to compare various DFA mutual funds. To mitigate

any conflicts that could conceivably arise, DAMI's Code of Ethics emphasizes the investment adviser's fiduciary duty to its clients.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to rpyle@diversifiedassetmanagement.com, or by calling us at 303.440.2906.

Item 12 Brokerage Practices

DAMI requires that clients provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to our clients for these transactions, although clients may limit this authority. DAMI reserves the right to refuse an account based on excessive limitations or directions to use a certain broker or dealer. If no direction is given by the client, DAMI, consistent with its fiduciary duties, will clear securities transactions through brokers or dealers who provide acceptable execution services and, reasonable commission arrangements, and support of data-related services. In the event that a client directs DAMI to use a particular broker or dealer, DAMI may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct DAMI to use a particular broker or dealer and other clients who do not direct DAMI to use a particular broker or dealer.

DAMI attempts to achieve competitive, "best execution" commission costs. As described above, in cases where the client designates a broker or dealer to be used in connection with the management of the account and instructs DAMI to execute transactions through this designated broker or dealer, DAMI's policy is to honor the client's request even though the commission rates charges negotiated between the client and the broker or dealer may be higher or lower than rates charges negotiated between DAMI and other brokers or dealers.

In selecting a broker or dealer for each specific transaction, DAMI uses its best judgment to choose the broker or dealer most capable of providing the services necessary to obtain the best execution of that transaction. In seeking the best execution of each transaction, DAMI evaluates a wide range of criteria, including any or all of the following: the broker's commission rate, promptness, reliability and quality of executions, trading expertise, positioning and distribution capabilities, back office efficiency, ability to handle difficult trades, knowledge of other buyers and sellers, ability to provide DAMI with market-related information, confidentiality, capital strength and financial stability, prior performance and responsiveness in serving DAMI and its clients, and other factors affecting the overall benefit received by the client(s) in the transaction. When circumstances relating to a proposed transaction indicate that a particular broker or dealer is in a position to obtain best execution, the order is placed with that broker or dealer.

This may or may not be a broker or dealer that has provided investment information and research services to DAMI.

Investment information and research services received are a benefit to DAMI because DAMI does not directly produce or pay for the research or services. This may create an incentive to select a broker based on the research or other services provided rather than the client's interest in best execution, and creates a conflict of interest. However, under Section 28(e) of the Securities Exchange Act of 1934, DAMI may do this if it determines in good faith that the amount of commission charged was reasonable in relation to the value of brokerage and/or research services provided by such broker.

In addition, to mitigate and address the conflicts of interest, DAMI has adopted policies and procedures to evaluate, on an ongoing basis, the value of a broker's research and brokerage services and the reasonableness of any commissions charged. Investment information and research received pursuant to such arrangements may include, but is not limited to, economic research, market research and industry research.

DAMI participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., a member of SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. DAMI receives some benefits from TD Ameritrade through our participation in the program.

DAMI participates in TD Ameritrade's Institutional customer program and we may require clients to maintain accounts with TD Ameritrade or recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits (which are sometimes referred to as "soft dollars") may include, but may not be limited to, the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees; and discounts on compliance, marketing, research, technology, and practice management products or services provided to DAMI.

As discussed above, the receipt of economic benefits by DAMI or our related creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services. DAMI seeks to mitigate risks of conflicts of interest by adopting policies and procedures, such as periodic review of brokerage arrangements.

DAMI does not presently have, nor does it plan to enter into, soft dollar arrangements other than those mentioned above.

Aggregation

In many cases, portfolio transactions may be executed in an aggregated transaction as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by DAMI, some of which accounts may have similar investment objectives. DAMI believes that aggregation of transactions may enable it, on average and over time, to obtain enhanced execution and lower brokerage commissions (although there is no certainty that such objectives will be achieved). DAMI does not aggregate transactions of open-end mutual fund shares, as there are no advantages to doing so.

Although executing portfolio transactions in an aggregated transaction potentially could be either advantageous or disadvantageous to any one or more particular accounts, aggregated transactions will be effected only when DAMI believes that to do so will be in the best interest of the affected accounts, and DAMI is not obligated to aggregate orders into larger transactions. These orders generally will be averaged as to price. When such aggregated or coordinated transactions occur, the objective will be to allocate the executions in a manner that is deemed fair and equitable to each of the accounts involved over time. In making such allocation decisions, DAMI will adhere to all applicable legal and regulatory requirements and will use its business judgment and will consider, among other things, any or all of the following: each client's investment objectives, guidelines, and restrictions, the size of each client's order, the amount of investment funds available in each client's account, the amount already committed by each client to that or similar investments, and the size and structure of each client's portfolio. Although DAMI will use its best efforts to be fair and equitable to all clients, there can be no assurance that any particular investment will be proportionately allocated among clients according to any particular or predetermined standard or criteria.

Item 13 Review of Accounts

DAMI generally monitors financial markets on an ongoing basis, and typically reviews client accounts no less frequently than quarterly. Financial plans are reviewed no less frequently than annually. Non-periodic reviews may also be triggered by news in particular securities or industries; corporate actions such as mergers, acquisitions, or dividends; and events that impact the valuation approaches and risk assessment methodologies used by DAMI. Reviews typically incorporate performance attribution analysis, current position review, and asset class review, and are conducted by Robert Pyle, the firm's President and Chief Compliance Officer.

Accounts statements relating to assets advised by other persons at other money managers are reviewed by DAMI upon receipt. Clients may also request that DAMI provide reviews with monthly, quarterly, or occasional frequency, such as ad-hoc reviews to answer client inquiries or questions triggered by market events and the investment environment.

Periodic reports to clients typically include written quarterly portfolio evaluation reports and time-weighted rate of return reports. In addition, if assets under management are over \$1,000,000, a client may in its discretion meet with DAMI on a quarterly basis; otherwise meetings will be annual. Holdings and trading reports are provided at the client's request, as well as other customized reports.

Item 14 Client Referrals and Other Compensation

DAMI does not directly or indirectly compensate, nor is it directly or indirectly compensated by, any third party for client referrals.

DAMI investment executives, in connection with the establishment of new advisory client accounts, may receive a portion of the advisory fees received in connection with such accounts.

Item 15 Custody

DAMI typically does not maintain physical custody of client assets. However, under certain laws, DAMI is deemed to have custody of client assets that it manages on a discretionary basis because, under the terms of our standard client agreement, we are authorized to instruct a custodian to withdraw or deduct fees from a client's account. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. DAMI also sends the client an invoice specifying and itemizing the fee.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

TD Ameritrade serves as custodian for most of our accounts.

Item 16 Investment Discretion

With the exception of BAM Advisor Services, LLC 401k accounts or as otherwise disclosed herein, DAMI will typically seek full investment discretion on all accounts; i.e., DAMI can purchase or sell any security in amounts determined by DAMI without the client's prior consent. Clients provide DAMI with discretionary authority by entering into written discretionary authority investment management agreements with DAMI. Limitations on which securities are to be bought or sold are dictated by the investable universe and guidelines for each client. Such guidelines may serve as an additional constraint(s), and may include such restrictions as stock relative to total client

portfolio or to outstanding stock of a company, religious, ethical, or political guidelines as explicitly mandated in writing by a client as part of the client's investment policy guidelines or as part of the investment advisory agreement. The client may modify these restrictions at any time, with written notification to DAMI.

Item 17 Voting Client Securities

DAMI does not vote proxies on behalf of its clients and does not exercise any authority with respect to securities class action lawsuits relating to securities in the Client's account. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

We are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. DAMI has no additional financial circumstances to report.

DAMI has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

Robert J. Pyle serves as President and Chief Compliance Officer of Diversified Asset Management, Inc. Information regarding Mr. Pyle's education and business background can be found in the brochure supplement to this Brochure relating to Mr. Pyle.