



## **AlphaStar Capital Management, LLC**

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**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

This brochure provides information about the qualifications and business practices of AlphaStar Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 855-340-2514. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about AlphaStar Capital Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). AlphaStar Capital Management, LLC's CRD number is: 157423.

AlphaStar Capital Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 28, 2014 although no changes in our fees occurred we clarified the same under Item 5 of *Fees and Compensation* to include IRA Rollover Considerations. We also clarified our solicitation arrangements under Item 14 relating to *Client Referrals and Other Compensation*.

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## Item 4 Advisory Business

### A. Description of Advisory Firm

AlphaStar Capital Management, LLC is a Limited Liability Company organized in the state of North Carolina.

This firm has been in business since April 2011. Our Managing Member and Chief Compliance Officer is Brian K. Williams and our Chief Investment Officer is Steve Mark Osterink, Jr. Our principal owners are Brian K. Williams, James Ryan Cooper, Michael Evans Mullan, Philip Jon Graham, William Henry Cain, Ericka Adams Cain, and Berry H. Johnson Jr. Family Trust.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "firm", "Company", "we", "our" and "us" refer to AlphaStar Capital Management, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Adviser Representative throughout this Brochure. As used in this Brochure, our Associated Persons or Investment Adviser Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### B. Types of Advisory Services

AlphaStar Capital Management, LLC (hereinafter "AlphaStar") offers the following services to advisory clients:

#### *Investment Management Services*

AlphaStar offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. The Investment Policy Statement (IPS) is provided to each client as well as a Model Selection Guide (MSG) questionnaire. The purpose of these two documents is to provide guidelines and a general framework that will be utilized by us to effectively allocate, supervise, monitor, and evaluate the investment assets in your account(s). The MSG questionnaire provides client specific attributes and goals in order to align risk tolerance levels and time horizons with a suitable model portfolio. A Portfolio Analysis Report may also be generated and provides various proposed investment allocations. Our investment management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

AlphaStar receives written discretionary authority from you in order to select securities and execute transactions. This type of discretionary authority allows us to implement the selected securities and execute the same without obtaining your permission prior to each transaction.

As part of our investment management services, we use Advisory Alpha, LLC, an SEC registered investment adviser as our sub-adviser to manage your account on a discretionary basis. Advisory Alpha, LLC is also an affiliated firm with us and discussed in more detail under Item 10. We will regularly monitor the performance of your accounts managed by sub-adviser, and may hire and fire any sub-adviser without your prior approval. We may pay a portion of our advisory fee to the sub-adviser; however, you will not pay our firm a higher advisory fee as a result of any sub-advisory relationship.

### *Sub-Advisory Services*

We offer sub-advisory services to unaffiliated third party money managers. As such we intend to utilize the services of Advisory Alpha, LLC that is owned and controlled by our Chief Investment Officer (Steve Mark Osterink, Jr.), to manage, on a discretionary basis, the Model Portfolios (each a "Model Portfolio Manager"), provided, however, that each Model Portfolio shall be managed in a manner that is consistent with the following:

1. The Core Allocation Series is composed of five portfolio models: Guardian, Yield Plus, Fundamental, Dynamic, and Opportunity. The diversification of the Core Allocation portfolios balances risk at five distinct levels in an attempt to deliver optimal returns. All of these strategies use growth and income to attempt to deliver total return, but the expected risk of a particular portfolio decreases with more modest return expectations.
2. The Focused Objective Series is a collection of specialty portfolios managed according to specific investment objectives and guidelines: Enhanced Income, Global Defense, Select Reserves, and Patriot. These portfolios offer targeted investment solutions tailored to investors with unique financial situations. The investment strategies used are typically only appropriate for a portion of an investor's investable assets. Therefore, multiple investment solutions are often used together to provide a customized investment approach designed for high net worth investors or investors with a higher degree of complexity in their financial plan.

### *Financial Planning*

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; and debit/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in the Financial Planning Agreement. Notice of thirty (30) days shall be provided in the event of an increase in fees after signing a Financial Planning Agreement with us.

### *Pension Consulting Services*

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

### *Client Imposed Restrictions*

You may not limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account).

## **C. Types of Investments**

We primarily offer advice on exchange traded funds (ETFs). We only invest your assets using a predefined strategy generated from the MSG.

## **D. Wrap Fee Programs**

AlphaStar does not participate in any wrap fee programs.

## E. Amounts Under Management

As of February 26, 2015, we provide continuous management services for \$127,923,529 in client assets on a discretionary basis, and \$8,582,030 in client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### Fee Schedule and Payment of Fees

AlphaStar and Advisory Alpha, LLC have a fee sharing agreement in place; the allocation of the gross advisory fees between AlphaStar and Advisory Alpha is dictated by the services provided to the individual client. Please see Other Financial Industry Activities and Affiliations below for further information on this topic.

#### Investment Management Services Fees

Total Assets Under Management	Maximum Annual Fee
All Assets Under Management	2.00%

These fees are negotiable and the final fee schedule is outlined in the Client Agreement. Clients may terminate their accounts without penalty within five (5) business days of signing the Client Agreement. Fees are paid quarterly in arrears. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Each client will receive at least quarterly from us and the custodian, a written statement showing the amount of the advisory fee, the value of your assets on which the advisory fee is based, the period covered, and the specific manner in which the advisory fee was calculated.

Clients may terminate their contract with us anytime effective upon receipt of written notice. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

Clients are not charged additional fees to cover this fee sharing agreement between AlphaStar and a sub-advisor. The fees shared will not exceed any limit imposed by any regulatory agency.

#### Sub-Advisory Services Fees

As sub advisor, we charge a annual negotiable fee equal to either .40% or .80% of the value of the portion of each Designated Account that is invested in a particular Model Portfolio. Our fee shall be paid quarterly in arrears and calculated on a per Designated Account basis as of the last business day of the preceding quarter, that is the sum of the fair market value of all of the holdings in the Designated Account as reported by the Custodian.

Our fee attributable to a particular Designated Account shall be prorated for any period that is less than a full quarter at Agreement signing. Such pro ration calculation shall be made by multiplying our fee attributable to that Designated Account by the days of the applicable quarter in which this Agreement is in effect for the Designated Account divided by the number of days in the applicable quarter.

You must provide us authorization to instruct and invoice the applicable Custodian directly for our fees so they can pay such fees directly to us.

Termination of the Sub Advisory Agreement is effective upon thirty (30) days' written notice.

### **Focused Objective Series**

MODEL PORTFOLIO	Our Annualized Fee
Select Reserves	0.40%
Enhanced Income	0.80%
Global Defense	0.80%
Patriot	0.80%

### **Core Allocation Series**

MODEL PORTFOLIO	Our Annualized Fee
Guardian	0.80%
Yield Plus	0.80%
Fundamental	0.80%
Dynamic	0.80%
Opportunity	0.80%

Transactional Ticket Fees: Accounts will receive a Short term trade fee of \$19.99 per positions if sold within 30 days

### **Financial Planning Services Fees**

#### ***Fixed Fees***

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$500 and \$5,000. Fixed fees are payable and due upon signing the Financial Planning Agreement. Fixed fees are negotiable and the final fee schedule will be noted on the Financial Planning Agreement.

#### ***Hourly Fees***

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is \$100 - \$350. Hourly fees are payable and due upon signing the Financial Planning Agreement. Hourly fees are negotiable and an estimated fee will be noted on the Financial Planning Agreement. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee.

#### ***Retainer Basis***

For payment made on a retainer basis, the full fee as described in the Financial Planning Agreement is due no later than the delivery of the written plan. The delivery of the written plan is typically completed withing 45 days.

Clients may terminate their contract without penalty within five (5) business days of signing the Financial Planning Agreement. Termination of the Client Agreement is effective upon receipt of written notice. Pre-paid advisory fees will be refunded to you upon termination of the Agreement.

### **Pension Consulting Services Fees**

Because pension consulting services can encompass such a wide variety of services, our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case-by-case basis. Our fees are based on a percentage of the assets in the Plan and our compensation arrangements for these services are comparable to the fees specified in the *Investment Management Services* above. Fees are paid quarterly in arrears and may be withdrawn directly from the client's accounts with client written authorization. Either party to the pension consulting agreement may terminate the agreement upon written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

### **Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by us. Please see Item 12 of this brochure regarding broker/custodian.

## **Outside Compensation For the Sale of Securities or Other Investment Products**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

AlphaStar is under common control with Financial Independence Group, Inc., an insurance wholesaler to a variety of insurance carriers. Many investment adviser representatives of AlphaStar are also licensed as insurance agents of Financial Independence Group, Inc. Other investment adviser representatives of AlphaStar are or may be licensed as insurance agents of other insurance wholesalers, companies, or agencies that are not under common control or otherwise affiliated with AlphaStar. Insurance agents earn commission-based compensation for selling insurance products which may include but not limited to cash bonus compensations, production bonuses, free/discounted incentives and sales tools. Any insurance commissions and/or other compensation earned are separate and in addition to our advisory fees. This practice creates a conflict of interest between our investment adviser representatives on the one hand and our advisory clients on the other since these persons have an incentive to recommend insurance products to you for the purpose of generating commissions and/or other compensation rather than solely based on your needs. In order to mitigate this conflict, we provide this disclosure to each of our clients in this Form ADV and require that all outside business activities of our investment adviser representatives are approved by our Chief Compliance Officer. You are not obligated, contractually or otherwise, to use the services of Financial Independence Group, Inc.

### *Clients Have the Option to Purchase Recommended Products From Other Brokers*

Clients have the option to purchase non-proprietary products through other brokers or agents that are not affiliated with us.

### *Advisory Fees in Addition to Commissions or Markups*

Our fees are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

## **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.



Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

AlphaStar does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7 Types of Clients

AlphaStar generally provides investment advice and/or management supervisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Corporations or Business Entities

### *Minimum Account Size*

There is no account minimum.

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

### A. Methods of Analysis and Investment Strategies

We provide a variety of investment strategies designed for a wide range of investors with diverse wealth management objectives. There are *Three Principles* that guide our investing process:

*Active Management* - Active management is used on several levels in our investing approach. This begins with asset allocation and asset selection decisions, but continues through the monitoring and rebalancing of portfolio holdings. Research indicates that short-term market timing strategies rarely generate consistent returns and may actually increase the risk of loss. We believe that a disciplined research and management approach, when applied consistently over longer time periods, can capture opportunities for improved returns.

*Full Diversification* - Many portfolios remain limited to a mixture of equities and fixed income securities. This overlooks important, alternative asset classes that can provide protection in periods of market volatility or decline. It is not possible to consistently predict these market movements and therefore it is critical to use true, extensive diversification throughout all market conditions. Our investment solutions give access to thousands of individual securities and a level of asset class diversification typically only employed by sophisticated, institutional investors.

*Exchange Traded Products* - Our investment solutions are composed exclusively of Exchange Traded Products (ETPs), such as Exchange Traded Funds (ETFs). These investment products, like mutual funds, usually consist of dozens, hundreds, or even thousands of individual securities. This method of investing provides an additional layer of oversight and management, since we select ETPs from a wide variety of globally recognized investment management firms. We believe the critical advantages of low management fees, tax efficiency, broad diversification, and additional investment oversight benefit our portfolios and better position our investors to meet their financial goals.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## B. Material Risks Involved

*Asset Class Allocation* - focuses on long term investments. The rise and fall of certain asset classes may not react according to predicted trends. Also, the risks associated with each underlying security (Domestic & International Stocks, Bonds, Alternative Investments, etc.) are also assumed.

*Active Management* - This process concentrates on factors that are believed to lead to the quality and future success of particular money managers. The risk assumed is that the manager will fail to perform as expected

*Portfolio Rebalancing* - Depending on the rebalancing strategy implemented, Long-term or short-term trading may be involved. Trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short-term trading generally holds greater risk and clients should be aware that there is a material risk of loss using these types of strategies. *Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## C. Risks of Specific Securities Utilized relating to Exchange Traded Funds (ETFs):

ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9 Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SR) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

We have no registrations as a Broker/Dealer or Broker/Dealer Representative.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither AlphaStar nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Conflicts of Interests**

AlphaStar is under common control with Financial Independence Group, Inc., an insurance wholesaler to a variety of insurance carriers. Many investment adviser representatives of AlphaStar are also licensed as insurance agents of Financial Independence Group, Inc. Other investment adviser representatives of AlphaStar are or may be licensed as insurance agents of other insurance wholesalers, companies, or agencies that are not under common control or otherwise affiliated with AlphaStar. Insurance agents earn commission-based compensation for selling insurance products which may include but not limited to cash bonus compensations, production bonuses, free/discounted incentives and sales tools. Any insurance commissions and/or other compensation earned are separate and in addition to our advisory fees. This practice creates a conflict of interest between our investment adviser representatives on the one hand and our advisory clients on the other since these persons have an incentive to recommend insurance products to you for the purpose of generating commissions and/or other compensation rather than solely based on your needs. In order to mitigate this conflict, we provide this disclosure to each of our clients in this Form ADV and require that all outside business activities of our investment adviser representatives are approved by our Chief Compliance Officer. You are not obligated, contractually or otherwise, to use the services of Financial Independence Group, Inc. Please see the *Fees and Compensation* section above in this brochure for more information.

Steve Mark Osterink, Jr., our Chief Investment Officer, is also the Managing Member and Investment Adviser Representative of Advisory Alpha, LLC, an SEC-Registered Adviser. AlphaStar and Advisory Alpha, LLC have agreements in place where Advisory Alpha, LLC acts as a sub-advisor and/or provides sub-advisory services for the various asset allocation models and other securities offerings available through AlphaStar. We have a fee sharing arrangement with Advisory Alpha, LLC; the allocation of the gross advisory fees between us and Advisory Alpha, LLC is dictated by the services provided to the individual client. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of Advisory Alpha, LLC. You are not obligated, contractually or otherwise, to use the services of Advisory Alpha, LLC.

#### ***Arrangements with Affiliated Entities and Other Financial Industry Activities***

The arrangement we have with our affiliated entity (Financial Independence Group, Inc.) and with Advisory Alpha, LLC present a conflict of interest because we may have a financial incentive to recommend these services. While we believe that compensation charged by them is competitive, such

compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use services from Financial Independence Group, Inc. and/or Advisory Alpha, LLC and may obtain comparable services and/or lower fees through other firms.

#### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

AlphaStar and Advisory Alpha, LLC have agreements in place where Advisory Alpha, LLC acts as a sub-advisor and/or provides sub-advisory services for the various asset allocation models and other securities offerings available through AlphaStar.

We have a fee sharing arrangement with Advisory Alpha, LLC; the allocation of the gross advisory fees between us and Advisory Alpha, LLC is dictated by the services provided to the individual client. Clients are not charged additional fees under this fee sharing arrangement. The fees shared will not exceed any limit imposed by any regulatory agency. Fees are paid quarterly in arrears, and clients may terminate their contracts with ten days' written notice. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

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

#### **Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Record-keeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

#### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

#### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Item 12 Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Custodian, TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA, was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. AlphaStar will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

## **1. Research and Other Soft-Dollar Benefits**

AlphaStar may but currently does not receive any research, products, or other services from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that AlphaStar must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for AlphaStar to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution.

## **2. Brokerage for Client Referrals**

AlphaStar receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## **3. Clients Directing Which Broker/Dealer/Custodian to Use**

AlphaStar will not allow clients to direct AlphaStar to use a specific broker-dealer to execute transactions. Clients must use AlphaStar recommended custodian (broker-dealer). By requiring clients to use our specific custodian, AlphaStar may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

AlphaStar maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing AlphaStar the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

# **Item 13 Review of Accounts**

## **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Each investment advisor representative (IAR) is ultimately responsible for reviewing his/her client's investment portfolios. IARs will continuously monitor the underlying securities within client accounts as well as any selected third-party managers/programs and perform at least annual formal account reviews. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark.

Financial planning accounts may be reviewed upon financial plan creation and plan delivery by the investment advisor representatives of the firm.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from us and the custodian, a written statement showing the amount of the advisory fee, the value of your assets on which the advisory fee is based, the period covered, and the specific manner in which the advisory fee was calculated.



## Item 14 Client Referrals and Other Compensation

### ***Solicitor Arrangements and Fees***

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

### ***Licensed Insurance Agents***

Persons providing investment advice on behalf of our firm may also be licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from discount brokers in connection with utilizing their brokerage services.

Beyond the disclosures provided in this Brochure, we do not receive any compensation from any third party in connection with providing investment advice to you.

## Item 15 Custody

AlphaStar, with Client's written authority, has "limited" and/or constructive custody of client's assets through their direct fee deduction program. Client's assets and holdings are maintained at TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA. Clients will receive all required account statements on a monthly or quarterly basis. You should carefully review those statements for accuracy.

## Item 16 Investment Discretion

AlphaStar will manage accounts on both a discretionary and non-discretionary basis. For those clients' accounts where AlphaStar provides ongoing supervision, AlphaStar requests written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides AlphaStar discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## Item 17 Voting Client Securities

AlphaStar will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## Item 18 Financial Information

### A. Balance Sheet

AlphaStar does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither AlphaStar nor its management have any financial conditions that is likely to reasonably impair our ability to meet contractual commitments to clients.

### C. Bankruptcy Petitions in Previous Ten Years

AlphaStar has not been the subject of a bankruptcy petition in the last ten years.

## Item 19 Requirements for State-Registered Advisers

AlphaStar is an SEC-Registered Adviser; hence this requirement is not applicable.

## Item 20 Additional Information

### Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.



We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. For accounts custodied at TD Ameritrade, as of April 1, 2014, if a profit results from correcting the trade, you will not retain the profit as all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf.