

Advisory Alpha, LLC

Part 2A of Form ADV: Firm Brochure

This brochure provides information about the qualifications and business practices of Advisory Alpha, LLC. If you have any questions about the contents of this brochure, please contact us at (866) 530-1400 or by email at: steve@advisoryalpha.com. 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.

We are a registered investment adviser. Registration does not imply a certain level of skill or training.

Additional information about Advisory Alpha, LLC is also available on the SEC's website at www.advisorinfo.sec.gov. Advisory Alpha, LLC's CRD number is: 158282.

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Version Date: 03/29/2017

Item 2: Material Changes

This Item identifies and summarizes only those material changes that have occurred since the last annual update of our firm brochure, which was dated March 8, 2016. Since that date, we made the following material changes:

Item 4 - Advisory Services – We updated the list of portfolio models to include the Active Momentum, Total Value, and Balanced Achiever portfolios.

Item 5 - Fees and Compensation – We clarified the description of our fees and compensation, as well as associated third party fees.

Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss – We included more information regarding the risks associated with mutual funds and exchange-traded funds.

Item 10 - Other Financial Industry Activities and Affiliations – Our advisers no longer maintain dual registrations as advisory representatives of other investment advisors.

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Item 4: Advisory Business

Introduction and Overview

This brochure contains important information. We encourage you to read it carefully and ask questions if there is any information that you do not understand.

In this brochure, references to “we,” “us,” “our,” or “our firm” refer to Advisory Alpha, LLC. Individuals who serve as our managers, officers, employees, and investment adviser representatives may also be referred to as our “advisers.” Our firm’s clients and prospective clients are referred to as “you,” “your,” or “our clients.”

Advisory Alpha, LLC is a Michigan based investment adviser registered with the SEC since 2011. Our principal owner is Steve Mark Osterink Jr. and the control person is Steven Mark Osterink, Sr.

We have an Investment Team that provides oversight of the investment management process, including portfolio allocation, security analysis, and selection. The Investment Team is led by Steve Osterink, Jr., CFA®, CFP®, AIF® and Steve Osterink Sr. Other members include Jon Lohr, Brian Kragt, Nick Heinrich, CFP®, and Janine Osterink.

Types of Advisory Services

We offer the following advisory services:

Core Allocation Series

Our Core Allocation Series is composed of five portfolio models: Guardian, Yield Plus, Fundamental, Dynamic, and Opportunity. These extensively diversified portfolio models balance risk at five distinct levels, striving to deliver optimal return for each of the portfolio models. These strategies use income and growth to deliver total return, but expected risk decreases with more modest return expectations. We manage each of the portfolio models to have a different risk return trade-off, liquidity limitation, time horizon, and asset allocation. We require completed investor objective information that, together with the Investment Policy Statement, documents our recommendations for you.

Focused Objectives Series

Our Focused Objectives Series is a collection of specialty portfolios, which offer targeted investment solutions specific to clients with unique financial goals. These investment strategies are typically only appropriate for a portion of your investable assets and designed for higher net worth investors or investors with more complexity within their financial plan.

The Global Defense portfolio is an all-weather strategy that seeks to withstand global economic storms and to bring benefit during four specific economic cycles: expansion, depression,

inflation, and deflation. This portfolio uses a significant allocation of alternative asset classes, including precious metals and commodities, to control risk and protect against possible negative global financial events. In addition, the Global Defense strategy prudently makes use of traditional asset classes to respond positively during normal market conditions, whether at home or abroad. Our disciplined management process results in a unique allocation offering durability across these distinct economic trends.

The Enhanced Income portfolio prioritizes current income, while using a specialized multi-asset-class approach to generating yield. Many investors prefer current income because although asset values fluctuate and any gains may not be realized, yield provides “cash in hand.” Even when focusing on yield, it is important to consider the value of diversification, which manages risk and protects during periods of market decline. Many income-oriented portfolios focus exclusively on stock dividends or bond interest, which introduces either volatility or interest rate risk. The Enhanced Income portfolio seeks to avoid this overconcentration, and the associated risks, by balancing the need for income with the benefits of diversification.

The Select Reserves portfolio seeks to generate attractive income through a variety of economic situations while it preserves principal, maintains liquidity, and protects against interest rate risk. This portfolio is well-suited for individuals planning for various short-term financial objectives, corporations or businesses managing their cash needs, and foundations or endowments organizing capital campaigns. The Select Reserves portfolio is a responsible alternative for the investors with short-to-intermediate term needs.

The Patriot portfolio seeks to provide enhanced US market exposure, while using diversifying assets to control risk. The US exposure is actively managed by sector, which allows for strategic allocations to correspond with the current state of the US economy. This portfolio is well-suited for individuals that desire US stock exposure to benefit from the strength of the US economy, want capital appreciation, have a growth objective, or simply desire additional US exposure in their investment portfolio.

The Defined Horizon portfolio seeks to provide high income and predictable cash flow. The portfolio is divided into five positions, mimicking a five-year bond ladder. The nearest-term position is invested using a traditional bond Exchange Traded Fund (“ETF”), and the other four positions invest in target-maturity bond ETFs. The mixture of high-yield and high-quality positions is determined by credit spread data. This portfolio is well-suited to those with a five-year income need or short-term investment objective.

The Active Momentum portfolio is an opportunistic investment strategy seeking undervalued assets with strong price momentum. The portfolio is tactically managed and composed of closed end funds (CEFs) that generally provide substantial distribution yields. The strategy strives to take advantage of behavioral pricing trends by investing in holdings that trade at a

discount relative to their net asset value. The goal is to offer reduced dependence on traditional stocks and bonds using this alternative, specialized investment process.

The Total Value portfolio is an event-driven strategy focused on deeply undervalued, high income generating opportunities. The portfolio is composed of closed end funds (CEFs) that have been extensively reviewed using a multi-factor analysis process. This includes analysis of the fund manager, absolute and relative discounts, distribution yield, and overall market opportunity. The portfolio is allocated into two broad components. The first includes funds that have broad market exposure, while the second includes funds that are concentrated or specialized in certain financial markets.

The Balanced Achiever portfolio is a tactical asset allocation strategy that maintains diversification across various investment exposures in every market environment. The portfolio shifts within a moderate conservative to moderate aggressive risk profile. Fourteen distinct asset classes are evaluated based their relative attractiveness to each other. The trailing risk of each asset is used to quantify the probability of positive price action. Technical analysis of each assets' price and return history is considered and ranked when making the final asset class selections. The strategy offers additional flexibility, increased active management, and complimentary exposure relative to strategic asset allocation.

Flat-Fee Variable Annuity Solutions

We manage a series of portfolios on a fee-based variable annuity platform. Versions of our Core Allocation portfolios are offered and constructed using the subaccounts made available by the variable annuity platform. This allows for larger tax-deferrals and it allows you to consolidate their variable annuity gains under a single contract. With access to more than 350 subaccounts, all five portfolio models are fully diversified and managed to maximize potential returns at each risk level. The platform charges a monthly flat fee, subaccounts are subject to their internal expenses, and we charge a management fee.

Advisory Retirement Plan Solution

Our turnkey retirement plan platform provides qualified retirement plan sponsors with a flexible, yet easy solution that includes significant fiduciary protection and powerful investment selections. We generally serve as a 3(38) Investment Fiduciary, but may serve in a 3(21) capacity depending on your needs. The key difference between these two types of fiduciaries is whether you engage us as a discretionary manager. As a 3(38) manager, you give us discretionary authority to manage your plan's assets. This means you shift your fiduciary responsibility to us for the selection of your investments. If you hire us as a 3(21) advisor, we will make recommendations, but it is ultimately up to you, as the plan sponsor, to decide whether and how to act. As a 3(21) advisor, we will not have discretion to invest and reinvest your assets without your prior consent. Thus, as a 3(21) advisor, we will share responsibility for the selection of investments.

We offer five professionally-managed portfolio models for plan participants. All five portfolio models are fully diversified and actively managed to maximize potential returns at each risk level. Plan participants are also given the option of constructing their own investment portfolios using a selection of ETFs. Our professionally-managed portfolios are available at no additional expense.

Sub-Advisor Relationships

We have agreements in place to act as a sub-advisor and/or provide sub-advisory services for our various investment solutions available through appropriately registered entities. Under these services, the other investment adviser recommends to you an investment in one or more of our portfolios and we will have no direct client relationship with you. You will sign an agreement with your investment adviser where you agree to pay a fee based on a percentage of the assets under management. The investment adviser is responsible for providing you a copy of our ADV 2A Disclosure Brochure and establishing the fee which you pay. We receive a portion of the fee for our advisory services, as agreed upon in the sub-advisory agreement. Your investment adviser will ask you to provide investor objective information which provides your investment adviser with detail about your time horizon, risk tolerance, and long-term goals. Your investment adviser will help you choose the portfolio that meets your investment objectives. We use the investor objective information you provide to confirm the portfolio selected by you and your investment adviser.

When appropriate for your situation, we may also select a third-party manager to act as a sub-advisor for your account. When we do so, we will select a manager whose style and talent best fit your individual needs and objectives. Your agreement with us gives us the authority to hire or fire these managers on your behalf. Once a subadvisor is selected, we will continue to monitor their performance. In these arrangements, you will typically sign an agreement with them in addition to the advisory agreement you will sign with us.

Financial Planning

Financial plans and financial planning may include, but are not limited to: investment planning; tax concerns; retirement planning; college planning; and, for 401(k) plans, investment due diligence. These services are based on fixed or hourly fees and the final fee structure is documented in the planning agreement with our clients.

Services Limited to Specific Types of Investments

We generally limit investment advice and/or money management to ETFs. However, we may use other securities, e.g., open-end and closed-end mutual funds, to help diversify a portfolio when applicable.

Client Tailored Services and Client Imposed Restrictions

We offer the same suite of services to all of our clients. However, your specific financial goals and their implementation depend on your Investment Policy Statement that outlines your current situation (income, tax levels, and risk tolerance levels). This is used in conjunction with gathered investment objective information to construct your plan and help select a portfolio that matches your restrictions, needs, and targets.

You may impose restrictions to investing in certain securities or types of securities in accordance with your values or beliefs. If you choose to impose restrictions on our portfolio management, you should be aware that it could cause your account to underperform compared to similar portfolios that do not apply such restrictions. Accordingly, you may forego opportunities for us to buy certain securities when it might otherwise be advantageous to do so, or you may request us to sell securities for reasons when it might otherwise be disadvantageous to do so.

Additionally, if your restrictions prevent us from properly servicing your account, or require us to deviate significantly from our standard suite of services, we reserve the right to end our relationship with you.

Assets under Management

AA has the following Assets under Management ("AUM"):

Discretionary Assets:	Non-discretionary Assets:	Date Calculated:
\$279,861,683	\$27,994,461	02/1/2017

Item 5: Fees and Compensation

Fee Schedule

Discretionary or AUM Fees:

Total Assets Under Management	Annual Fee
All Assets Under Management	0.10% - 2.00%

We charge fees based on a percentage of your assets under management. This fee arrangement applies to individual, institutional, and retirement plan clients as well as subadvisory relationships. You are never charged additional fees to cover the fee sharing agreements

associated with our sub advisory relationships. The fees shared will not exceed any limit imposed by any regulatory agency.

Our fees are negotiable depending on your needs and complexity of your situation. In all cases, the final fee schedule is outlined in the agreement that you sign. Fees are paid quarterly in arrears, and you may terminate your agreement with thirty (30) days' written notice. Because fees are charged in arrears, no refund policy is necessary. Fees associated with new accounts are pro-rated based on the time invested. In addition, fees associated with cash-flows (contributions and withdrawals) are pro-rated for cash flows that are greater than \$5,000 based on the timing of the cash flow. You may terminate your accounts without penalty within five (5) business days of signing the client agreement.

Financial Planning, Fixed & Hourly Fees

Depending on the complexity of your situation and needs, the consultation fee is between \$50 and \$400 per hour for Hourly Financial Planning while Fixed Fee Financial Planning is determined on a case by case basis. The fees are negotiable and the final fee schedule will be outlined in the planning agreement that you sign. Fees are generally paid in arrears upon completion. However, there are times when we may require a retainer. In such cases, the retainer will be no more than one half of the proposed project fee and we will perform our services within six months of your engaging us. We will request any balance due upon delivery of the Plan. You may terminate your agreement without penalty within five (5) business days of signing the planning agreement.

Payment of Fees

Payment of Discretionary or AUM Fees

Advisory fees are generally withdrawn directly from your account with your written authorization, including accounts established through a subadvisory arrangement. You may remove this authorization for direct billing of fees at any time by notifying us or your custodian in writing. Advisory fees may also be invoiced and billed directly to you on a quarterly basis and in arrears. You may select the billing method of your choice.

Payment of Financial Planning, Fixed & Hourly Fees

Financial Planning, Fixed and Hourly fees are paid via check with any balance due upon completion. In the event our services are terminated prior to completion, we will bill you based on hours expended or the portion of the project already completed through the date of termination. If we charged a retainer, any unearned portion of the fee will be refunded to you promptly.

Clients Are Responsible For Third Party Fees

You 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 that we charge. Please see ITEM 12 of this brochure regarding brokerage practices. If you are working with another investment adviser that is using us as a subadvisor, your primary investment adviser will charge additional fees and expenses. The total fee may be higher than the fees that we charge to our clients not working with a separate investment adviser.

ETFs and mutual funds typically charge their shareholders various transactions and operating expense costs associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee.

However, because of differences in distribution and often lower transaction costs, total operating expense ratios for ETFs have been historically less than those for corresponding mutual funds. These separate fees and expenses are disclosed in each fund's prospectus, which is available from the fund or, we can provide it to you upon your request.

Consequently, for any type of fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: you pay one layer of fees to the fund and one layer of advisory fees and expenses to us. Generally speaking, most funds may be purchased directly, without using our services or incurring our advisory fees.

Sub-advisory fees. When we use a third-party manager as a subadvisor, the fee we charge will include our advisory fee and the advisory fee charged by the sub-advisor. We do not retain any portion of the sub-advisory fee but pass it on to the subadvisor. Details of the sub-advisor's fee, which is in addition to our fee, will be disclosed to you in the sub-advisor's disclosure brochure and related investment advisory agreement. You should read both carefully and retain for your records.

Termination of Services. If you terminate your agreement with us, you must notify us in writing or transfer your assets from the custodian. Similarly, if you work with a separate investment adviser and you terminate that relationship, it will terminate our services as well. We will bill your account for the portion of time that we managed your account. No refund of fee is necessary as we do not bill in advance.

Outside Compensation for the Sale of Securities to Clients

Our advisers may accept compensation for the sale of securities or other investment products, including asset-based sales charges, service fees from the sale of mutual funds, and commissions associated with insurance-based products. This outside compensation is independent of the products and services offered through our firm, will be disclosed to you

separately and will be paid through other unaffiliated financial services firms (e.g., a broker dealer, a life insurance company, or an insurance marketing organization).

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

We do not accept performance-based fees or other fees based on a share of capital gains or capital appreciation of your assets.

Item 7: Types of Clients

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

- Individuals
- High-Net-Worth Individuals
- Other Registered Investment Advisers
- Defined Contribution & Defined Benefit Retirement Plans
- Corporate and Institutional Investors

Minimum Account Size

There is no account minimum.

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

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. The structure of our portfolio offerings is a “fund of funds” approach where we research and manage ETFs and mutual fund holdings. On an ongoing basis, our Investment Team undertakes an extensive research process that re-evaluates the asset selection, asset allocation, and fund managers for each investment strategy.

There are *Three Principles* that guide our investing process:

Active Management – In our investment approach, we employ active management on several levels. 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 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. Diversification does not ensure a profit and may not protect against loss in declining markets.

Exchange Traded Products - We research and may include a variety of investment product types in our investment strategies. However, ETFs are the primary building blocks we use to construct our portfolios. These investment products, like mutual funds, usually consist of dozens, hundreds, or even thousands of individual securities. We seek to minimize security selection risk associated with individual securities, which provides an additional layer of oversight and management, since we select funds 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.

The Investment Process itself is composed of four parts:

Asset Class Selection - We begin the portfolio construction process by properly defining and selecting the individual asset classes that are consistent with the objectives of each portfolio.

Asset Allocation - We implement a disciplined framework to determine asset class weightings for each portfolio. Our research may include risk, return, correlation, and yield data as well as various other market and economic factors. We update the asset allocation of each portfolio regularly based on our forecasts of the various asset classes.

Fund Evaluation - We use a systematic evaluation process to select the funds in each portfolio. We base this process on many factors, including: management costs, liquidity, assets under management, anticipated trading costs, security selection, income, and risk/return potential.

Portfolio Rebalancing - Our rebalancing strategy is an ongoing component of the portfolio management process. This structured approach attempts to benefit from market movements by rebalancing individual portfolio positions at what we, in our judgment, perceive to be the most advantageous times.

Material Risks Involved with Our Investment Strategies:

Asset Class Allocation - The rise and fall of certain asset classes or their underlying securities or commodities may not react according to predicted trends.

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 can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short-term trading generally holds greater risk and you should be aware that there is a material risk of loss using short-term strategies.

Timing Risk - While it is likely that stocks will gain over the next two decades, this may not be the case over the short-term. If you need to protect your principal investment over the short-term, timing is an important risk to consider.

Political Risk - Government decisions may damage the value of your investments. Changes to social security, benefits law, and tax law may impact your financial decisions. Any foreign investments may be impacted by the decision of their local governments.

Foreign Risk - Foreign investments have additional risks relative to domestic investments. This includes currency fluctuations, differences in accounting standards, different market exchanges, potentially less liquidity, etc.

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

Risks of Specific Securities Utilized in Our Strategies

Investing in securities such as ETFs and mutual funds involves risk. Seeking to obtain higher rates of return on investments typically entails accepting higher levels of risk. We or your investment adviser will work with you to identify the balance of risks and rewards that is appropriate and comfortable for you. However, it is still your responsibility to ask questions if you do not fully understand the risks associated with any investment or investment strategy.

Also, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments and we cannot assure that your investments will be profitable or no losses will occur in your investment portfolio.

Past performance is one consideration with respect to any investment or investment adviser, but it is not a predictor of future performance.

We or your investment adviser will discuss with you the investment risks of ETFs and mutual funds to determine the investment objectives that will guide your portfolio selection. We will explain and answer any questions you have about these kinds of investments, which present special considerations.

ETFs are a type of security that derive their value from a basket of securities such as stocks, bonds, commodities or indices and are traded on exchanges during the day like individual stocks. Conversely, traditional mutual funds are priced once a day at the close of the market. The value of your portfolio will fluctuate with the value of its underlying securities. ETFs trade like a stock, and there may be brokerage commissions associated with buying and selling.

We primarily invest in passively managed funds which are designed to seek the investment results that generally correspond to the price and yield of an index, however; we may invest in actively managed ETFs and mutual funds. ETFs that are actively managed do not just seek to passively track an index; instead, they seek to achieve a specified investment objective using an active investment strategy.

Equity-based ETFs have a similar risk profile to those of equity mutual funds, while fixed income-based ETFs have a risk profile that is similar to bond mutual funds. You should anticipate that the value of an ETF's shares will decline, in correlation with any decline in the value of its corresponding index. However, an ETF's return may not match the return of the index. Sometimes referred to as "tracking error," expenses and other factors may affect the performance of an ETF so that the ETF's performance does not exactly match the performance of their respective underlying indexes. The ETF may invest in small capitalization, mid-capitalization, emerging markets and international companies. These companies may experience greater price volatility than larger, more established companies.

Exchange-traded notes (ETNs) are issued as senior, unsecured, unsubordinated debt obligations of an underlying bank or other financial institution. They are linked to the performance of an index, underlying security, or commodity. ETNs trade on an exchange and are like ETFs in that regard. However, unlike ETFs, ETNs carry credit risk related to the issuer's ability to pay back the note. While the performance of these securities is linked to the performance of an underlying index, security, or commodity, an investor does not own any underlying assets (which is the case with ETFs). It is, however, relying on the financial institution issuer's promise to make good on the terms of the ETN. This means that the market value of ETNs can be adversely affected by downgrades in the creditworthiness to the underlying issuing financial institution. In the extreme case that the issuer of the ETN goes bankrupt, you may lose your entire investment because ETNs are unsecured debt instruments. In contrast, if an ETF were to suffer bankruptcy or close, you would usually receive cash for the market value of the basket of securities or, in the case of larger positions of \$50,000 or more, you may request to take distribution of the underlying securities.

Commodities may provide protection against inflation and/or the inability of fiat currencies to maintain their store of real value. Commodities may provide imperfect correlations relative to other asset classes and serve to increase diversification for risk-tolerant portfolios. It is also important to understand that commodity ETFs can be significantly affected by commodity

prices, world events, import controls, worldwide competition, government regulations, and economic conditions.

We also provide what we believe are the primary risks for you to review as listed below.

- **Market Risk.** ETFs are largely influenced by the value of the indices they track. As the index value changes in response to news and general economic conditions of domestic, international and commodity/natural resource markets, in general, so will the value of the ETF. This can result in a loss of your initial investment.
- **International Investment Risk.** International investments may involve risk of capital loss from unfavorable fluctuations in currency exchange rates, differences in generally accepted accounting principles, or economic and political instability in other nations.
- **Emerging Markets Risk.** Investments in emerging markets may be subject to a greater risk of loss than investments in more developed markets. Emerging markets may be more likely to experience inflation risk, political turmoil and rapid changes in economic conditions than more developed markets. Emerging markets often have less consistency in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities.
- **Income Risk.** An ETF's income may decline when interest rates fall. This decline can occur because: (1) the ETF must invest in lower-yielding bonds as bonds in its portfolio mature, (2) bonds in the underlying index are substituted, or (3) the ETF otherwise needs to purchase additional bonds.
- **Interest-Rate Risk.** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Liquidity Risk.** Markets can also experience a decline in liquidity which can negatively impact ETF prices and increase the difficulty to sell a position. The ability to purchase or sell large positions of ETF securities, due to possible low trade volume, may take time (i.e. days).
- **Sector-Specific Risk.** The value of investments that are concentrated in industry-specific sectors have additional risks relative to broad market investments. These investments may decline due to changes in the specific industry, such as government regulation or consumer trends.

Item 9: Disciplinary Information

In this section of our brochure, we must inform you of all material facts regarding any legal or disciplinary events that are material to your evaluation of our firm or the integrity of our management. We have no legal or disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Steven Mark Osterink, Sr. is a registered representative of Triad Advisors, Inc. ("Triad") through his affiliation with Schipper & Osterink. Several of our advisers are also registered representatives of various Broker-Dealer firms, such as Triad. From time to time, they will offer clients advice or products from those activities; however, they will not recommend products or advice offered by Triad to clients of Advisory Alpha LLC unless they are already clients of Schipper & Osterink or another broker-dealer. You should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. This compensation is typically disclosed in transaction confirmations and/or periodic account statements. Despite these potential conflicts, we strive to follow the highest ethical standards in performing our investment advisory services. You are not required to implement the plan or products offered through any of our advisers in their capacity as a registered representative of a broker-dealer firm. We do not offer commissionable products and will always seek to act in your best interest. You are in no way required to act on investment recommendations through any of our advisers in their capacity as a registered representative.

Steve Mark Osterink, Jr., Steven Mark Osterink, Sr., and various advisers of our firm are also licensed insurance agents. From time to time, they will offer clients advice or products from those activities. You should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. We seek to lessen this conflict of interest by disclosing any commissions in advance.

Selection of Other Advisers or Managers and How We are Compensated for Those Selections

Occasionally, we select additional advisers or managers to serve as sub-advisors for specific clients. Please refer to ITEM 4: ADVISORY BUSINESS and ITEM 5: FEES AND COMPENSATION for additional information on our use of third party money managers.

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, Outside Business Activities, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available, free upon request, to you.

Participation or Interest in Client Transactions

We do not recommend that you buy or sell any security in which our company or one of our related persons has a material financial interest.

Investing Personal Money in the Same Securities as Clients

From time to time, our advisers may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for our advisers to buy or sell the same securities before or after recommending the same securities to you resulting in our advisers profiting from the recommendations they provide to you. These transactions may create a conflict of interest. We will always document any transactions that could be construed as conflicts of interest, and our advisers will always transact your business before their own when similar securities are being bought or sold. We often group all similar trade orders together into block orders prior to execution. This may offer pricing advantages relative to trading each account individually. In these situations, trade orders for our advisers' personal accounts may be included and executed at the same share prices given to clients.

Item 12: Brokerage Practices

When we act as a sub-advisor for another registered investment adviser, the custodian and brokerage selection is determined by the other registered investment adviser. Generally, in sub-advised accounts that we manage, the other investment adviser will use the custody and brokerage services of TD Ameritrade, Fidelity, or Schwab. Our subadvisory services are available on all their platforms and we generally receive benefits that we would not receive if we were not on their platforms. As an example, we participate in the back office and support programs sponsored by these custodians. However, none of them pays us any compensation, nor do we have any affiliation with these firms. The services include, among others, brokerage, custodial, and administrative support, recordkeeping, and related services that are intended to support us in conducting business for your account and in serving your best interests. These programs and services are essential to our service arrangements and capabilities. The availability of the services from these custodians benefits us because we do not have to produce or purchase them separately. While this is a potential conflict of interest, we believe that this is mitigated by the fact that the other investment adviser is solely responsible to choose the custodian or platform to engage our services on your behalf as a sub-adviser and we are not required to generate any specific level of commissions to be on their platform. In all cases, the

other investment adviser will provide you with their disclosure brochure describing their brokerage practices.

However, when you engage us directly for our portfolio management services, we generally require that you establish an account at TD Ameritrade Institutional ("TD Ameritrade") to use their custody, brokerage, and clearing services. As an SEC registered broker-dealer and member of FINRA/SIPC, TD Ameritrade is a qualified custodian to hold your assets and execute transactions upon our instructions. While we are not affiliated with them, the majority of our direct clients' accounts are held there. We ask that you give us a written direction in our Agreement to use them as your custodian. Additionally, while we recommend that you use TD Ameritrade as your custodian/broker, you will decide whether to do so and you will open your account with them by entering into a separate account agreement directly with them. We do not open the account for you, although we may assist you with the paperwork in doing so. Even though your account is maintained with them, we will have discretion to use them or other brokers to execute trades for your account as described below.

Factors Used to Select Custodians and/or Broker-Dealers

We seek to use a broker who will hold your assets and execute transactions on terms that, overall, are most beneficial when compared to other available service providers. We consider a wide range of factors, including, but not limited to:

- Combination of transaction execution and asset custody services (generally without a separate fee for custody).
- Capability to execute, clear, and settle trades (buy and sell securities for your account).
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.).
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.).
- Availability of investment research and tools that assist us in making investment decisions. These include recent news, graphs, charts, historical earnings data, balance sheet data, estimates of future earnings, and other information.
- Quality of services, including additional reports that include gains and losses (both realized and unrealized).
- Competitiveness of the price of services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices. We believe TD Ameritrade's brokerage services are competitive with comparable firms for comparable services.

- Reputation, financial strength, and stability.
- Prior service to us and our other clients.
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us”).

Your Brokerage and Custody Costs

For our direct clients who have accounts at TD Ameritrade, they do not charge you separately for custody services, but are paid by charging you commissions or other fees on trades that they execute or that settle into your account. We negotiated our commission rates with them on behalf of all our clients and not with respect to any specific client. While these commission rates may be higher than available from other discount and online brokers, we believe that the additional services and investment reports provided are of more value to us and our clients than with the lower priced alternatives that provide fewer services. Therefore, we have TD Ameritrade execute most individual securities trades for your account to minimize your trading costs. We also use TD Ameritrade for most ETF and mutual fund transactions because they provide a wide array of no-load or institutional class mutual fund shares with no transaction costs to our clients. Generally, we have determined that having TD Ameritrade execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above in the section titled, “Factors Used to Select Custodians and/or Broker-Dealers.”

Clients Directing Which Broker-Dealer/Custodian to Use

Directing us to use a specific brokerage firm could, in some transactions, result in higher commissions and charges where we might otherwise go directly to a market maker in the security. However, by limiting the number of brokerage firms we regularly work with leads to efficiencies that help us keep our advisory fees lower.

Products and Services Available to US

We generally receive benefits of investment research and related services because our clients use TD Ameritrade for their brokerage transactions and custodial services. All of these services are research and client account-related and provided by TD Ameritrade on an unsolicited basis. The research services made available may be used to benefit all clients’ accounts, as well as our personal and proprietary accounts, which are not tied to a specific account’s brokerage activity or commission level achieved. We also do not receive referrals from brokerage firms in exchange for recommending their services to our clients.

We have not and do not intend to enter into any contractual third-party soft-dollar arrangements, for example, where we commit to place a specific level of brokerage commissions

with a specific firm and in return the brokerage firm pays for various research-related products or services for us that are generally available for cash purchase.

Aggregating (Block) Trading for Multiple Client Accounts

We may aggregate orders for securities transactions for more than one client based on our trade aggregation and allocation policy. In doing so, we strive to treat you fairly and will not favor one client or proprietary account over another client. When executed, we will allocate the aggregated order in accordance with policies and procedures intended to achieve fair treatment. The purpose of aggregating orders is to obtain the same price for each client in any given security, obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately, expedite the placement and processing of trade orders, as well as for our administrative convenience.

We will not aggregate orders for a client having a directed brokerage relationship with a client who does not have a directed brokerage relationship with the same broker-dealer. A consequence of not aggregating a client's order with other orders for the same securities is that the client may not obtain as good a price or as low a cost in a separate transaction as clients whose orders have been aggregated.

Each account that participates in an aggregated order will receive the average share price for all transactions in that security in business day. If permitted by the broker-dealer effecting the transaction, transaction costs will be shared on a pro rata basis. Some broker-dealers charge brokerage commissions to each participating client in accordance with the size of that client's part of the aggregated order, regardless of the total size of the aggregated order. If an aggregated order is not filled in its entirety, it will be allocated among participating accounts on a pro rata basis.

Trade Error Policy

We have the responsibility to process orders correctly, promptly and in your best interest. We have established an error correction policy, to identify and correct any errors as promptly as possible without disadvantaging you or benefiting us in any way.

We have defined a "trade error" as when we have purchased or sold a financial instrument for a client account and that action is determined to have been a mistake and the error results in a financial gain or loss for the client. Examples of errors may include:

- Purchases or sales of an incorrect or unintended ETF or number of ETFs for your account
- Purchases or sales of an ETF for the incorrect or unintended account
- Purchases or sales of an ETF that you did not authorize or that are inconsistent with applicable law or regulations (e.g. prohibited transaction under ERISA)

- Purchase or sale transpositions (where an intended purchase is entered as a sale, or vice versa)
- Trade misallocations

If the error is our responsibility, the transaction will be corrected and we will reimburse you for any loss resulting from an inaccurate or erroneous order. If your account is custodied at TD Ameritrade, we can correct all trade errors through an Error Account at TD Ameritrade. When we act as a sub-advisor for another registered investment adviser, the trade error policy of your investment adviser will apply if a trade error occurs. However, if it is our error, we will correct the trade errors through our Error Account at your custodian.

If there is a loss due to a trade error that we make, we will correct the mistake at our cost and the error will not be reflected in a loss to your account. If a trade error results in a gain, the gain will be retained by TD Ameritrade and given to charitable causes.

Item 13: Reviews of Accounts

Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Our Investment Team reviews and may rebalance each account to ensure that the allocation does not drift substantially from the model allocation. Our representatives (or your primary investment adviser who uses us as a subadvisor) review your accounts at least annually. These individuals are the chief advisors and are instructed to review your investments based on your investment policies and risk tolerance levels. All our clients are assigned to these reviewers.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by the investment adviser representatives of the firm.

Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic, or political events, or, when requested by you due to changes in your financial situation (such as retirement, termination of employment, physical move, or inheritance).

Content and Frequency of Regular Reports Provided to Clients

Discretionary or AUM Services - You will receive at least quarterly reports from the custodian. This is a written report that details your account including transactions, fees and commissions, assets held and asset value.

Financial Planning, Fixed, & Hourly Services - You are provided a one-time investment or financial plan concerning your financial situation. After the presentation of the plan, there are no further reports. You may request additional plans or reports for a fee.

Item 14: Client Referrals and Other Compensation

Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients.

Compensation to Non – Advisory Personnel for Client Referrals

We do not have arrangements to compensate others to make solicitations on our behalf.

Item 15: Custody

We do not have custody of client assets. You should receive statements at least quarterly from your qualified custodian that holds and maintains your investment assets. We urge you to review your statements carefully for any discrepancies.

If you do not receive your account statements directly from your custodian, please contact your custodian and/or us. It is important that you receive your account statements directly from your independent, third party qualified custodian.

Item 16: Investment Discretion

Unless you indicate otherwise, we receive discretionary authority in writing from you at the beginning of our advisory relationship in the agreement you sign. Discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities and the amount to be bought or sold for your portfolio. We exercise discretion in a manner consistent with your stated investment objectives for your account. As described in more detail in “ITEM 4: ADVISORY BUSINESS” above, you may establish written investment guidelines and restrictions. We generally do not have discretionary authority to determine the broker, dealer or the commission rates paid for your transactions.

Also, you will sign an agreement with your custodian which generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets in your account, but restricts our ability to direct the assets outside of your account.

When we provide sub-advisory services, we receive discretionary authority in our sub-advisory agreement with the other investment adviser and in the paperwork that you sign with your investment adviser.

Item 17: Voting Client Securities (Proxy Voting)

We do not vote proxies. However, your custodian will forward the proxy solicitation materials directly to you. We recommend that you direct all proxy questions to the issuer of the security.

Item 18: Financial Information

We are required to provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.