

# 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: [email@advisoryalpha.com](mailto:email@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](http://www.advisorinfo.sec.gov). Advisory Alpha, LLC's CRD number is: 158282.*

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*Version Date: 5/01/2020*

## ***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. Since that time, we have made the following material changes:

### **Item 4: Advisory Business – Introduction and Overview**

Janine Osterink now serves as the Chief Compliance Officer for Advisory Alpha.



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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 Osterink, Jr., CFA®, CFP®, AIF® and the control person is Steve Osterink, Sr. Janine Osterink serves as our Chief Compliance Officer.

Advisory Alpha, LLC also does business as Conger Wealth Management in the state of Arkansas and has registered DBA name as such in both the state of Michigan and the state of Arkansas.

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

### ***Types of Advisory Services***

We offer a diverse selection of services which are outlined below.

#### ***Model Portfolios***

We’ve designed model portfolios grouped by series that invest in various diversified allocations structured towards a wide range of investment goals.

##### ***Core Allocation Series***

The Core Allocation Series includes institutional-quality, diversified allocations structured towards a diverse range of investment goals.

##### ***Tax Managed Series***

The Tax-Managed Series includes portfolios designed to provide varying degrees of tax benefits through sophisticated trading and rebalancing processes or tax-advantaged investments.

### ***Focused Objectives Series***

Our Focused Objectives Series is a diverse range of strategies managed according to specific investment objectives and guidelines, each delivering targeted investment exposures.

### ***Defined Horizon Series***

The Defined Horizon Series is a collection of innovative, bond-ladder strategies seeking high income and predictable cash flow.

### ***Multi-Manager Series***

The Multi-Manager Series includes a range of multi-disciplinary portfolios utilizing independent investment managers that undergo extensive due diligence and ongoing scrutiny.

### ***Hedged Portfolio Series***

The Hedged Portfolio Series includes specialty portfolios that include market-linked certificate of deposits in an attempt to deliver varying levels of return and tangible downside protection.

### ***Buffer Portfolio Series***

Portfolios that include defined outcome strategies seeking equity market appreciation up to a cap with defined levels of risk management.

### ***Classic Portfolios Series***

The Classic Portfolios Series includes diversified allocations covering a range of risk and return levels while including traditional investment exposures familiar to most investors.

### ***Variable Annuity Services***

We manage a series of portfolios on a fee-based variable annuity platform. Versions of our Core Allocation portfolios and select focused objective 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 variable annuity gains under a single contract. With access to more than 350 subaccounts, all portfolio models are appropriately managed and diversified according to the stated investment objective. The platform charges a monthly flat fee, subaccounts are subject to their internal expenses, and we charge a management fee.

### ***Retirement Plan Services***

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, your 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 fits 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.

#### ***Co-Advisor Relationships***

We provide services as a co-advisor by providing investment management services to clients of non-affiliated third-party investment advisers. Clients will enter into an agreement directly with

us and the third-party investment adviser that will specify the fee you agree to pay based on a percentage of the assets under management. The third-party 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 co-advisory agreement we have with the non-affiliated third-party investment adviser. An investment adviser representative affiliated with the third-party investment advisory firm will assist you in the selection of portfolio models that align with your investment objectives, risk tolerance, and time horizon. This investment adviser representative will also provide you with initial and ongoing information education concerning the investment selected. As co-advisor, we will have discretionary authority to determine the securities to buy and sell within the portfolio models and we will periodically change the relative allocations among securities in them. Your investment adviser representative should meet with you periodically to discuss these allocation changes.

For fees assessed by the third-party investment adviser, you can refer to their disclosure materials and agreement that you have executed. You can also request these documents from your investment adviser representative.

### ***Financial Planning***

We offer a broad range of comprehensive financial planning services which may include tax-related and other non-investment related matters. These engagements may be for one-time, initial planning and/or ongoing planning services. Financial plans and financial planning may include but are not limited to: investment planning; tax concerns; retirement planning; college planning, private placements, real estate transactions; 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 advisory agreement with our clients.

### ***Tax Preparation***

We offer tax preparation for personal, trust, and business clients. All tax preparation and planning services are provided by properly qualified and licensed individuals and may be outsourced to independent accounting firms.

### ***Services Limited to Specific Types of Investments***

We generally limit investment advice and/or money management to ETF, mutual funds, and market-linked certificate of deposits. However, we may use other securities, e.g., closed-end mutual funds or variable annuities, 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 on 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 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 (AUM)***

On January 31, 2020, Advisory Alpha, LLC's total assets under management ("AUM") are \$800,685,322. Discretionary assets under management are \$798,171,730 for 6675 accounts and non-discretionary assets under management are \$2,513,593 for 1 account.

#### ***Assets under Advisement (AUA)***

On January 31, 2020, Advisory Alpha, LLC's total assets that Advisory Alpha staff provided financial planning, consulting, performance reporting and billing services but not ongoing management and trading authority, are \$154,265,917.

The combined total of Assets under Management and Assets under Advisement are \$954,951,240.

### ***Item 5: Fees and Compensation***

#### ***Ongoing Fee Arrangements***

Advisory fees are typically based on a percentage of your advisory assets under management and range from .10% to 2.00%. Generally, these asset-based fees are charged for our discretionary investment management services. However, some Investment Advisor Representatives may elect to charge a fixed fee for a combination of investment management, financial planning, and tax preparation services. The applicable 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 subadvisory relationships. The fees shared will not exceed any limit imposed by any regulatory agency.

Our fees are negotiable depending on your needs and the complexity of your situation. In all cases, the final fee schedule is outlined in the agreement that you sign. When we serve as a subadvisor, you will sign the primary adviser's advisory agreement and you are therefore subject to the provisions set forth in that advisory agreement. Generally, our fees are paid quarterly in arrears, however, in some cases, fees may be paid quarterly in advance or monthly in arrears. If you are billed in advance and you terminate your agreement before the end of the billing period, any unearned fees will be returned to you based upon the provisions set forth in the advisory agreement you signed. If you are billed in arrears, no refund applies. Fees associated with new accounts are pro-rated based on the time invested. When accounts are billed in arrears, fees associated with cash-flows (contributions and withdrawals) are pro-rated based on the timing of the cash flow. You may terminate your agreement with thirty (30) days' written notice. You may also terminate your accounts without penalty within five (5) business days of signing the advisory agreement.

### ***Project-Based Fee Arrangements***

Depending on the complexity of your situation and needs, we may enter into a project-based advisory arrangement whereby fees will be assessed on a fixed or hourly basis. Hourly fees are between \$50 and \$400 per hour while fixed fees are determined on a case by case basis, but generally range from \$1,000 to \$10,000. The fees are negotiable, and the final fee schedule will be outlined in the agreement you sign. Fees are typically paid in arrears upon completion, however, some Investment Advisor Representatives may choose to require up to one-half of the fee (estimated hourly or fixed) payable upon engagement with the balance generally being due upon delivery of the financial plan or completion of the agreed upon services. You may terminate your agreement without penalty within five (5) business days of signing the advisory agreement.

Generally speaking, if a client engages the firm to provide a financial plan for a fixed fee, once the plan is delivered, the firm will provide ongoing wealth management for an inclusive fee based on the amount of assets being managed and the complexity of planning issues.

### ***Payment of Advisory 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 (billed directly to you) and paid via check. You may select the billing payment method (direct withdrawal or invoice) of your choice.

### ***Minimum Fee***

Some Investment Advisor Representatives of Advisory Alpha, LLC may choose to include a minimum annual fee as a condition for starting and maintaining a relationship. This fee may be

implemented or waived at the discretion of the Investment Advisor Representative and will be fully disclosed as part of the advisory agreement presented when establishing the client/advisor relationship.

### ***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.). Insurance products, such as annuities, may also have associated fees and expenses. All third-party 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 who 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.

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. If you are charged in arrears, we will bill your account for the portion of time that we managed your account and no refund of fee will be necessary. If your Investment Advisor Representative or other adviser bills you in

advance and you terminate before the end of a billing period, any unearned fees will be returned to you by us or the other adviser in accordance with the terms of your advisory agreement.

#### ***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 charge 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 typical structure of our portfolio offerings is a “fund of funds” approach where we research and manage ETFs and mutual fund holdings, but our strategies may also include individual securities. On an ongoing basis, our Investment Team undertakes an extensive research process that re-evaluates the asset class selection, asset allocation, holding selection, and portfolio rebalancing needs for each investment strategy.

*Asset Class Selection* – Properly defining and selecting the individual asset classes that are consistent with the objectives of each strategy.

*Asset Allocation* – Implementing and adapting the asset class weightings as a result of each strategy's investment research and forecasting processes.

*Holding Selection* – Selecting, monitoring, and replacing the specific holdings based on a disciplined process directed by the objective of each strategy.

*Portfolio Rebalancing* – Crafting and deploying an appropriate rebalancing approach based on the intent of each strategy.

***Risks Involved with Our Investment Strategies or Financial Planning Services:***

*Market Risk* – Many of the investments we utilize are largely influenced by the value of the indices they track or the asset class they represent. As the index value or asset class 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 or mutual fund. 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 or mutual fund's income may decline when interest rates fall. This decline can occur because: (1) the ETF or mutual fund must invest in lower-yielding bonds as bonds in its portfolio mature, (2) bonds in the underlying index are substituted, or (3) the ETF or mutual fund 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, mutual fund or market linked certificate of deposit prices and increase the difficulty to sell a position. The ability to purchase or sell large positions of these securities, due to possible low trade volume, may take time.

*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.

*Asset Class Allocation* - The rise and fall of certain asset classes or their underlying securities may not occur 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.

*Tax Risks* - Some of the products offered are subject to tax law that is complex and subject to varying interpretations. Moreover, the effect of existing income tax laws and possible changes in such laws will vary with the particular circumstances of each investor. Each prospective investor should consult with and rely on his or her own tax professional with respect to the possible tax consequences, including risks and advantages, of an investment.

*Real Estate Risks* - Investments in real estate are subject to varying degrees of risk, including, among other things, local conditions such as an oversupply of space or reduced demand for properties, an inability to collect rent, vacancies, inflation and other increases in operating costs, adverse changes in laws and regulations applicable to owners of real estate and changing market demographics.

*Dilution Risks* - Issuers of private placements may be required to raise additional capital. Future issuance of additional securities could dilute the ownership stakes of issuer's then-existing owners; and there can be no assurance that the effects of such dilution will not be substantial. Additionally, any new class units that might be issued in the future may negatively impact the issuer's then-existing owners.

*Privately Held (Nonpublicly Traded) Investment Risks* - Privately held companies typically hold more risk to the investor than publicly traded companies as they do not fall under the same regulatory requirements. As they are not publicly traded an active market may not readily exist which means they lack liquidity. They also typically have substantial fees relative to other types of investments. Additionally, investments in privately held companies or products have differing tax ramifications which can be complex in nature.

***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, mutual funds, and structured products 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.

Defined Outcome ETFs are not designed to track an index, may have limited liquidity, and are complex investments and may not be suitable for all investors. The ETFs will utilize FLEX Options issued and guaranteed for settlement by the Options Clearing Corporation (OCC). In the unlikely event that the OCC becomes insolvent or is otherwise unable to meet its settlement obligations, the ETF could suffer significant losses. Additionally, FLEX Options may be less liquid than standard options. In a less liquid market for the FLEX Options, the ETFs may have difficulty closing out certain FLEX Options positions at desired times and prices. The values of FLEX Options do not increase or decrease at the same rate as the reference asset and may vary due to factors other than the price of reference asset.

These ETFs are designed to provide point-to-point exposure to the price return of the Index via a basket of Flex Options. As a result, the ETFs are not expected to move directly in line with the Index during the interim period. Investors purchasing shares after an outcome period has begun may experience very different results than the ETF's investment objective. Initial outcome periods are approximately 1-year beginning on the ETF's inception date. Following the initial outcome period, each subsequent outcome period will begin on the first day of the month the ETF was inceptioned. After the conclusion of an outcome period, another will begin.

ETF shareholders are subject to an upside return cap (the "Cap") that represents the maximum percentage return an investor can achieve from an investment in the ETFs for the Outcome Period, before fees and expenses. If the Outcome Period has begun and the ETF has increased in value to a level near to the Cap, an investor purchasing at that price has little or no ability to



achieve gains but remains vulnerable to downside risks. Additionally, the Cap may rise or fall from one Outcome Period to the next. The Cap, and the ETF's position relative to it, should be considered before investing.

The ETFs only seek to provide shareholders that hold shares for the entire Outcome Period with their respective buffer level against index losses during the Outcome Period. You will bear all Index losses exceeding 9, 15 or 30%. Depending upon market conditions at the time of purchase, a shareholder that purchases shares after the Outcome Period has begun may also lose their entire investment. For instance, if the Outcome Period has begun and the ETF has decreased in value beyond the pre-determined buffer, an investor purchasing shares at that price may not benefit from the buffer. Similarly, if the Outcome Period has begun and the ETF has increased in value, an investor purchasing shares at that price may not benefit from the buffer until the ETF's value has decreased to its value at the commencement of the Outcome Period.

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 of 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.

Market linked certificates of deposit are bank issued certificates of deposit that are linked to a particular market index in an effort to generate an increased return probability. Market-linked CDs are insured by the FDIC up to applicable limits. Unless otherwise specified, other products purchased through Advisory Alpha, LLC are not insured by the FDIC. Market-linked CDs are not suitable for all investors. Prospective investors should carefully review the relevant offering

documents that are distributed directly to them either electronically or via mail, based on their indicated preference, from their broker-dealer upon investment and contact their investment adviser representative promptly with any questions or concerns. A guaranteed secondary market does not exist for MLCDs, issuing banks and other parties may be willing to repurchase them prior to maturity. In determining the value for such a repurchase, the issuer will consider multiple factors such as: performance of the underlying markets, credit risk, time to maturity and interest rates. This value appears in client accounts, represents an estimate of the current repurchase value and may be at a substantial discount to an investor's original investment. Market-linked CDs are long-term investments designed to be held to maturity, at which point the issuing bank is obligated to provide a value consistent with the terms of the investment. Additionally, in the event of the owner's death, most market-linked CDs offer the right to redeem prior to maturity at the original investment amount.

Variable annuities are tax-deferred investments structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount. The insurance company offering a variable life contract will charge several fees to investors, including annual contract charges that compensate the insurance company for the cost of maintaining and administering the variable life contract, mortality and expense risk (M&E Risk) charges based on a percentage of a subaccount's assets to cover costs associated with mortality and expense risk, and administration fees that are based on a percentage of a subaccount's assets to cover the costs involved in offering and administering the subaccount. A variable life investor will also be charged a front-end load by the insurance company on their initial contribution, ongoing fees related to the management of the fund, and surrender charges if the investor makes a withdrawal prior to a specified time. If the variable annuity subaccount is invested in a money-market fund, the money market fund is not FDIC-insured, may lose money, and is not guaranteed by a bank or other financial institution.

A 529 Portfolio is a specific portfolio of securities created from 529 plan's available investments. In general, the data presented for a 529 Portfolio uses a weighted average of the underlying holdings in the portfolio. Most 529 plans are invested in exchange-traded funds or open-end mutual funds; however, other investment types are possible such as stable value funds, certificates of deposit, and separate accounts. Before investing, an investor should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 qualified tuition program.

1031 Exchanges are governed by the IRS tax code associated with the deferral of capital gains on the sale of an investment property when subsequently purchasing a “like kind” property that is the same in nature and character. Substantial fees and expenses could be incurred and there are strict timing limitations imposed on these transactions. For example, if the transaction is not properly constructed and executed in a timely manner, all tax benefits associated with the transaction may be lost while potentially incurring additional tax liability. As 1031 exchanges are based on real estate investments for which there may be no readily available market there is liquidity risk to the investor. Additionally, the following real estate investment risks are possible; no guarantee of cash distributions; operational risks associated with property management and ownership to the investor; risk of the property being overleveraged; tax risks; interest rate risks; economic risks; risks of terrorism; environmental risks; liability risks; zoning, city ordinance, and or legal compliance risks; title and escrow risks; credit risks; and risks of obsolescence.

A Real Estate Investment Trust (REIT) is a company or investment trust that retains diverse portfolios of real estate assets. Typically, these portfolios are sector-specific and include real estate investments related to: Residential, Commercial, Healthcare, Office, and Industrial property options. The risks involved with investing in REITs include the potential for excessive fees, lack of liquidity, lack of share value transparency, distributions that may come from the principal investment, and conflicts of interest related to REITs not having employees and paying external managers high transaction fees/bonuses. It is important for investors to review all offering materials in addition to discussing these products with their financial advisor in order have a strong understanding of exactly what they are agreeing to in order to avoid these risks.

A Private Placement is an offering of unregistered securities to a limited pool of investors. Private placements are regulated by a series of U.S. Securities and Exchange Commission rules under Regulation D and can issue varying amounts of securities based on the type of investor they are selling them to (either accredited or non-accredited investors) without registering those securities with the SEC. When non-accredited investors are involved issuers of private placements must disclose key information, such as financial statements in addition to the offering documents provided. Investors should review these documents carefully to understand the risks, which could include, but are not limited to a lack of liquidity, high transaction costs, and potential tax ramifications. Private placements are generally considered riskier investments and could expose the investor to the potential of full loss of principal.

## ***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***

### ***Registered Representatives of Broker-Dealers***

Steven Osterink, Sr. and Katie Koeman are registered representatives of Triad Advisors, Inc. ("Triad"). Several of our advisers are also registered representatives of various Broker-Dealer firms, such as Triad. 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 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.

### ***Dually Registered as an Investment Adviser Representative***

Some of the investment adviser representatives of Advisory Alpha, LLC are licensed as investment adviser representatives with Planners Alliance, LLC and/or Simplicity Wealth, LLC. Planners Alliance, LLC, Simplicity Wealth, LLC and Advisory Alpha, LLC are affiliated firms under common ownership. This creates a conflict in that some investment adviser representatives will receive payment for advisory services at varying levels from multiple firms. While this conflict does exist, investment adviser representatives are required to serve their clients in a fiduciary capacity across all registered investment advisory firms with whom they are affiliated and in that regard act in their clients' best interest in this capacity.

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

Various investment adviser representatives 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 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.

### ***Tax Preparation***

Some investment advisor representatives of our firm are also tax consultants or certified public accountants. From time to time, they will offer clients services and advice relative to those activities. You should be aware that these services can incur a fee separate and distinct from

those related to the services provided through Advisory Alpha, LLC. As such, a conflict of interest could arise should a client utilize these outside services alongside the investment advisory services offered through Advisory Alpha, LLC. We seek to lessen this potential conflict of interest by disclosing any fees 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 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 Charles 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-advisor 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"), National Financial Services LLC, Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity"), or Charles Schwab to use their custody, brokerage, and clearing services. As SEC registered broker-dealers and members of FINRA/SIPC, TD Ameritrade, Fidelity and Charles Schwab are qualified custodians to hold your assets and execute transactions upon our instructions. While we are independent of and not affiliated with TD Ameritrade, Fidelity, or Charles Schwab, the majority of our direct clients' accounts are held at TD Ameritrade. TD Ameritrade offers to independent investment advisors services, which include custody of securities, trade execution, and clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program. (Please see the disclosures under Item 14 below.) We ask that you give us a written direction in our agreement to use one of them as your custodian. Additionally, while we recommend that you use TD Ameritrade, Fidelity, or Charles Schwab 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 and Fidelity'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").

In selecting TD Ameritrade, Inc. as the broker and custodian for certain of its current and future client accounts, we take into consideration our arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing services for advisors known as "iRebal".

The standard iRebal annual license fee applicable to us is \$26,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade Institutional platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade Institutional platform will bring a full reduction of fee with the commitment of \$25 million in taxable net new assets being placed on the TD Ameritrade Institutional platform each year for as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which includes IRAs).

If we do not maintain the relevant level of taxable assets on the TD Ameritrade Institutional platform, we may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although we believe that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect our independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

### ***Relationships with Prime Brokers***

Under a Prime Broker Agreement, we may "trade away" for certain transactions. Fixed income transactions may be traded away for liquidity or best execution purposes. Fixed Income securities that are traded away are subject to Prime Broker fees, which is a different brokerage costs (may be better or worse depending on the complexity of the order) than if the trades were done at the client's custodian. These bonds will be custodied in the client's account at their custodian. Equity transactions may be traded away in certain circumstances for best execution purposes. Equities that are traded away receive a net price (price of the security inclusive of the Prime Broker's commission, which is a different brokerage cost and may be better or worse, depending on the complexity of the order, than if the trades were done at the client's custodian).

See Trade Aggregation below for further information. These equities will be custodied in the client's account at their custodian. Brokerage fees incurred from trading through one of our Prime Brokers is shown on client's trade confirmations and statements.

### ***Your Brokerage and Custody Costs***

For our direct clients who have accounts at TD Ameritrade, Fidelity, or Charles Schwab, 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 in 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, Fidelity, or Charles Schwab 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. While it is our objective to obtain the lowest transaction costs possible for our clients, due to some account or asset transfer processes it is possible for clients to be charged transaction costs that exceed the amount of the transaction itself. In an effort to prevent these egregious fees to our clients we maintain a policy that enforces a procedure by which transactions such as these are



flagged for review in order to properly reverse or reduce these costs. Generally, we have determined that having TD Ameritrade, Fidelity, or Charles Schwab 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.”

In certain situations, the use of margin access through your respective Broker-Custodian may be approved by us. In these cases, additional fees and interest on margin account balances may apply. These fees and interest costs are separate and independent from any fees charged by or paid to Advisory Alpha. We receive no additional direct compensation as a result of any client’s use of margin access at their Broker-Custodian. There are risks involved with utilizing margin access including a potential drop in the underlying security value which will force the client to deposit additional cash or securities to cover the maintenance margin call issued by the broker-custodian. A brokerage firm has the right to increase the minimum amount required in a margin account, sell your securities without notice or sue you if a margin call is not fulfilled. The use of margin is most suitable for sophisticated investors with a thorough understanding of the risks and requirements involved.

#### ***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, 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, Fidelity, or Charles Schwab for their brokerage transactions and custodial services. All of these services are research and client account-related and provided by TD Ameritrade, Fidelity, or Charles Schwab 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. 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 (even within 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 that 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.

Additionally, to help ensure equal opportunity of best execution for all client accounts, Advisory Alpha has implemented a regular rotation on the order by which trades are placed at each broker-dealer on both a daily and weekly basis. Each day/week trades placed at each broker-dealer are rotated based on the previous day/week's trades.

### ***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 security or number of securities for your account
- Purchases or sales of a security for the incorrect or unintended account
- Purchases or sales of a security 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 or Fidelity, we can correct all trade errors through an Error Account with the applicable custodian. 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 error 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 as a loss to your account. If a trade error results in a gain, the gain will be retained by the custodian and given to charitable causes.

### ***Item 13: Review 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. For ongoing financial planning engagements, accounts will generally be reviewed annually.

#### ***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***

Clients receiving our discretionary investment management services will be delivered reports from the custodian on a monthly or quarterly basis. This is a written report that details your account including transactions, fees and commissions, assets held and asset value.

Clients that enter into a project-based financial planning engagement with us are provided a financial plan or written reporting pertaining to the intent of the financial planning relationship on a one-time basis. After the presentation of the plan, there are no further reports. You may request additional plans or reports for an additional planning fee. Clients that enter into an

ongoing financial planning engagement will be provided periodic written updates and reporting based on scope of the planning relationship.

#### ***Item 14: Client Referrals and Other Compensation***

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

Advisory Alpha, LLC, ('Advisory Alpha') an affiliated registered investment adviser of Simplicity Wealth, LLC, ('Simplicity Wealth') has entered into an agreement with Simplicity Wealth, a registered investment adviser, where Advisory Alpha has agreed to pay Simplicity Wealth a fee in exchange for introducing potential advisory clients to Advisory Alpha. Advisory Alpha has agreed to pay Simplicity Wealth a fee for these solicitation services. The fee is 50% of the investment management fee paid to Advisory Alpha. Advisory Alpha pays this fee to Simplicity Wealth out of its investment management fee. This means that Clients do not pay any additional fees as a result of Simplicity Wealth's solicitation services.

##### ***Compensation to Non - Advisory Personnel for Client Referrals***

We do not have arrangements to compensate other non-advisory persons to make solicitations on our behalf.

##### ***Economic Benefits Provided by Third Parties for Custodial or Brokerage Program Participation***

As disclosed under Item 12 above, we participate in TD Ameritrade's Institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are not typically available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transactions fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons and may also pay or reimburse expenses (including travel, lodging, meals [and entertainment] expenses for our personnel to attend conferences.) Some of the products and services made available by TD Ameritrade through the program may benefit us but may

not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. These benefits received by us or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us creates a conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

### ***Item 15: Custody***

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. However, this is the only form of custody we will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. The client, or an independent representative of the client, will direct, in writing, the establishment of all accounts and therefore is aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

### ***Item 16: Investment Discretion***

When providing asset management services, we maintain trading authorization over your account and can provide management services on a **discretionary** basis. When discretionary

authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

You may also grant us discretionary authority to establish and/or terminate a relationship with a sub-adviser for purposes of managing the account or a portion of the account. In this situation, you will grant the sub-adviser selected by us with the discretionary authority (at the sole discretion of the sub-adviser without first consulting with you) to make all decisions to buy, sell or hold securities, cash or other investments for such portion of the account managed by the sub-adviser.

If your account is managed on a discretionary basis, discretionary authority is granted in writing from you at the beginning of our advisory relationship in the agreement you sign. Also, you will sign an agreement with your custodian which generally includes a limited power of attorney granting the necessary authority to direct and implement the investment and reinvestment of the assets in your account but restricts our ability or the sub-adviser's ability (if applicable) 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 you sign with your investment adviser.

We generally do not have discretionary authority to determine the broker, dealer, or the commission rates paid for your transactions. You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the advisory agreement.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment, and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you, or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

### ***Item 17: Voting Client Securities***

We do not vote proxies. Your custodian will forward the proxy voting materials directly to you. We recommend that you direct all questions on these materials 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.