

**Part 2A of Form ADV  
Firm Brochure**

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**Alpha Capital Management**

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This brochure provides information about the qualifications and business practices of Alpha Capital Management. If you have any questions about the contents of this brochure, please contact us at 800-621-4885. 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. Registration does not imply a certain level of skill or expertise.

Additional information about Alpha Capital Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules and was last updated in June 2020.

Since our last update, we have not had any material changes to report.

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## Item 4: Advisory Business

### A. Alpha Capital Management

B & T Management, Inc. dba Alpha Capital Management is a Registered Investment Advisory firm registered with the U.S. Securities and Exchange Commission ("SEC"). Alpha Capital Management is a privately owned corporation headquartered in Austin, Texas. Michael T. Turner and Buddie C. Ballard founded Alpha Capital Management on June 17, 2002 and are the sole and equal owners of the business. Our registration as an Investment Adviser does not imply any level of skill or training.

### B. Advisory Services Offered

Alpha Capital Management is an investment advisory firm providing:

- Portfolio Management on a Discretionary and Non-Discretionary basis

#### B.1. Portfolio Management Services

Alpha Capital Management was founded on four uncompromising principles:

- *Independence* - Our decisions are not clouded by Wall Street commissions.
- *Discipline* - We follow an investment discipline that emphasizes protection of downside risk.
- *Commitment* - You deserve nothing less than the highest level of client service.
- *Flexibility* - We realize that each client has unique goals. We individualize your portfolio to meet your goals.

When managing assets on a discretionary basis, we design, revise and reallocate a custom portfolio for you. On a non-discretionary basis, we provide periodic recommendations to you and if you approve them, we ensure that your authorized recommendations are implemented.

The investments are determined based upon your investment objectives, risk tolerance, net worth, net income, age, time horizon, tax situation and other suitability factors. Investment allocation is determined as a result of this information and is articulated in your Investment Policy Statement.

Portfolios can consist of equity securities, warrants, corporate debt, commercial paper, certificates of deposit, municipal securities, investment company shares, US government securities, options, cash and other securities or a combination of all, which will provide diversification and help meet your stated investment objectives. Our advice is not limited to these types of investments.

### C. Client-Tailored Services and Client-Imposed Restrictions

Your account will be managed on the basis of your financial situation and investment objectives and in accordance with any reasonable restrictions you impose on our management of the

account(s)—for example, restricting the type or amount of security to be purchased in the portfolio, or limiting the potential sale of specific securities.

## **D. Wrap Fee Programs**

Alpha Capital Management does not participate in wrap fee programs (Wrap fee programs offer services for one all-inclusive fee).

## **E. Client Assets Under Management**

As of December 31, 2020, Alpha Capital Management has \$518,419,353 million in assets under management, which includes both discretionary and nondiscretionary relationships.

# **Item 5: Fees and Compensation**

## **A. Methods of Compensation and Fee Schedule**

### **A.1 Portfolio Management Program Fee Schedule**

For investment management services, clients are charged in arrears quarterly based on a percentage of assets under management with Alpha Capital Management. Generally, clients are charged 1% per year on assets up to \$1 million under discretionary management. Accounts holding \$1 million or more are assessed a fee lower than 1% at a negotiated level, based upon a number of factors which include, but are not limited to, the type and size of the account, the historical or projected nature of trading for the account and the number and range of other client-related services provided to the client or household. The fee will be based on a percentage of the net asset value of the account as reported by the custodian at the close of the previous quarter and includes cash. Fees for non-discretionary accounts are negotiated based on the size of the account, account holdings, and client needs.

Because Alpha Capital Management's fee structure is negotiable, clients have different fee schedules. Some have fee rates that decrease with an increase in assets. Some clients pay more for discretionary accounts than clients for whom Alpha Capital Management manages assets on a non-discretionary basis. Therefore, clients with the same amount of assets under management with the firm are paying more or less than others. The firm does not discriminate on the level of service it provides to clients based on the fees it receives.

Fees are calculated by multiplying the assets under management market value (as reported by the account custodian) by the relevant percent and dividing such product by four (4). The fee calculation is prorated for inflows and outflows of account assets if the value of inflow/outflow is \$1000 or greater in any one day based on the number of days the assets were in the account over the actual number of days in that quarter. Fees are payable within thirty (30) days following the end of the quarter for which said fees will be incurred. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement was in effect. All accounts for members of a client's family (husband, wife and dependent children) or related businesses may be assessed on an aggregated or "household" basis. You may instruct us

to charge fees for one account to another bearing your name. We are not compensated on the basis of a share of either capital gains or capital appreciation, or any portion of the portfolio.

**Termination:** Either party may terminate the Portfolio Management Agreement at any time and for any reason, upon receipt of written notice to the other party. We will be unable to cancel pending trades placed before receipt of such notice. Upon notice of termination, we will await further instructions from you as to what steps you request to liquidate and/or transfer the portfolio and remit the proceeds. Upon instructions received, we will instruct broker dealers, mutual fund sponsors, and others to liquidate and/or transfer the portfolio and remit proceeds back to you or a designated third party. A final fee will be charged which will be prorated according to the number of days for which we provided investment advisory services during the final quarter.

## **B. Client Payment of Fees**

Alpha Capital Management requires clients to authorize the direct debit of fees from their accounts. Rare exceptions are granted for clients to be billed directly for our fees. Clients may withdraw authorization for direct billing of our fees at any time by notifying us or their custodian in writing.

Alpha Capital Management will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, money market funds, private placements, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each fund's prospectus, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Custodial fees include transaction fees, margin interest, wire fees, etc. Clients are advised to read these materials carefully before investing. A client using Alpha Capital Management is likely to be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please note that for client accounts the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts ("transaction-based fees").

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

## **D. External Compensation for the Sale of Securities to Clients**

Alpha Capital Management advisory professionals are compensated solely through a salary and bonus structure. Alpha Capital Management is not paid any sales, service or administrative fees

for the sale of mutual funds or any other investment products with respect to managed advisory assets.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Alpha Capital Management does not charge performance-based fees so this does not apply.

## **Item 7: Types of Clients**

Our clients are individuals, high net-worth individuals, trusts, estates, charitable organizations, and insurance companies.

We have imposed a minimum account size of \$100,000 in assets to be managed by our firm. We will aggregate related accounts in the same household to meet account minimums. Exception to fees, minimum account sizes and services are negotiable and may be waived under certain circumstances such as potential for more assets, referrals, special relationships, etc. A minimum \$50 fee/quarter is required of each account or household except for employees or employee family members.

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

### **A. Methods of Analysis and Investment Strategies**

#### **A.1. Methods of Analysis**

Alpha Capital Management uses a variety of data sources to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Alpha Capital Management and its investment advisor representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis often include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.



- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models are used from time to time to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Alpha Capital Management reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications.

When mutual funds are used to implement a portfolio, we choose from mutual funds available through our clients' account custodians. (We also frequently choose to maintain funds currently held by clients.) We perform our own due diligence in the selection of these mutual funds which includes an analysis of transaction fees, redemption fees and internal expenses. We make every effort to select funds and fund classes with the lowest cost to a client given assumptions of holding periods. We will purchase mutual funds paying 12b-1 fees only when this is the only share class available and we believe this is an appropriate investment. If we were to purchase such funds, the 12b-1 fees are paid to the broker dealer executing the trade, not to Alpha Capital Management, in which case the broker dealer could possibly provide us with additional benefits, creating a potential conflict of interest.

## **A.2. Risk of Loss**

The advice we offer is determined by the areas of expertise of the advisory agent providing the service and your stated objectives. You are advised to notify us promptly if there are any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon our management services.

The principal risks of investing include, but are not limited to:

- General Risks: Your investments with us are not a deposit in a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.
- Allocation Risk: Our allocation of investments among different asset classes, such as equity or fixed income asset classes, is likely to have a more significant effect on your returns when one of these classes is performing more poorly than others.
- Market Risk: Stock and bond markets often trade in random price patterns, and prices can fall over sustained periods of time. The value of the investments we make for you will fluctuate as the financial markets fluctuate. This could result in your account value(s) declining over short or long term periods of time.
- Focused and Concentrated Portfolio Risks: We will often invest your assets in a smaller number of securities than other broadly diversified investment strategies. Our approach is often referred to as "focused, concentrated, or non-diversified". Accordingly, the money we manage for you could possibly have more volatility and is often considered to have more risk than a strategy that invests in a greater number of securities because changes in the value of a single security may have a more significant effect, either negative or positive, on your overall portfolio value. To the extent we invest your assets in fewer securities, or we invest in non-diversified funds that take a focused or concentrated

approach, your assets are subject to greater risk of loss if any of those securities become permanently impaired.

- **Equity Risk:** Your investments will be subjected to the risk that stock prices might fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in your portfolio might fluctuate drastically from day to day. Individual companies might report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies are likely to suffer a decline in response. These factors will contribute to the volatility and risk of your assets.
- **Interest Rate Risk:** Interest rate risk is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise. For example, fixed-income securities with long maturities typically experience a more pronounced change in value when interest rates change.
- **Credit Risk:** Your investments are subject to credit risk. An investment's credit quality depends on its ability to pay interest on and repay its debt and other obligations.
- **Small-to-Medium-Capitalization Risk:** We frequently invest clients' assets in small to medium sized companies. Shares of small to medium sized companies often have more volatile share prices. Furthermore, the securities of small to medium companies often have less market liquidity and their share prices can react with more volatility to changes in the general marketplace.
- **Junk Bond/High-Yield Security Risk:** We occasionally invest clients' assets in Junk Bonds or High-Yield, lower rated securities. Investments in fixed-income securities that are rated below Investment grade can be subject to greater risk of loss of principal and interest than investments in higher-rated fixed-income securities. The market for high-yield securities might be less liquid than the market for higher-rated securities. High-yield securities are also generally considered to be subject to greater market risk than higher-rated securities. The capacity of issuers of high-yield securities to pay interest and repay principal is more likely to weaken than is that of issuers of higher-rated securities in times of deteriorating economic conditions or rising interest rates.
- **Prepayment Risk:** Your fixed income investments are most likely to be subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a security can be difficult to predict and result in greater volatility.
- **Inflation Risk:** This is the risk that the value of your assets or income on your investments will be less in the future as inflation decreases the value of your money. As inflation increases, the value (purchasing power) of your assets can decline. This risk increases as we invest a greater portion of your assets in fixed-income securities with longer maturities.
- **Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing us from selling out of these illiquid securities at an advantageous price.

### **A.3. Material Risks of Investment Instruments**

Alpha Capital Management invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients. In addition, for certain clients, Alpha Capital Management is likely to effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to your goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **B.1. Margin Leverage**

Although Alpha Capital Management does not utilize leverage as part of its investment strategies, accounts occasionally hold margin balances for a client's convenience and/or for a small amount and for a very short period.

### **B.2 Short-Term Trading**

Although Alpha Capital Management, as a general business practice, does not utilize short-term trading, there are likely to be instances in which short-term trading might be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

## **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, or one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither Alpha Capital Management nor any of its employees are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Neither Alpha Capital Management nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Please see Item 12 below concerning payments we receive from Charles Schwab & Co., Inc. ("Schwab").

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Alpha Capital Management has adopted policies and procedures designed to detect and prevent insider trading. In addition, Alpha Capital Management has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Alpha Capital Management's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Alpha

Capital Management. Alpha Capital Management will send clients a copy of its Code of Ethics upon written request.

Alpha Capital Management has policies and procedures in place to ensure that the interests of its clients are given preference over those of Alpha Capital Management and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

## **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Alpha Capital Management does not engage in principal trading (i.e., the practice of selling to advisory clients from a firm's inventory or buying from advisory clients into a firm's inventory). In addition, Alpha Capital Management does not recommend any securities to advisory clients in which it has some proprietary or ownership interest although its personnel sometimes own the same securities recommended to clients.

## **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Alpha Capital Management, employees and their families, trusts, estates, charitable organizations and retirement plans established by it are able to purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees could raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Alpha Capital Management specifically prohibits. Alpha Capital Management has adopted policies and procedures that are intended to address these conflicts of interest.

These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- require allocation of investment opportunities in a fair and equitable manner

- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Alpha Capital Management's procedures when purchasing or selling the same securities purchased or sold for the client. Advisory representatives and employees may participate with clients in "block trades" in which all participants receive the same price.

## **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Alpha Capital Management, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it effect securities transactions for their own accounts that differ from those recommended or effected for other Alpha Capital Management clients. Trades executed the same day in the same security will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation).

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Broker-Dealers for Client Transactions**

#### **A.1. Custodian Recommendations**

Alpha Capital Management recommends that clients establish brokerage accounts with Schwab, TD Ameritrade, or Fidelity ("custodian"), FINRA registered broker-dealers, members SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Alpha Capital Management recommends that you establish accounts at the custodian, it is your decision to custody assets with the custodian. Alpha Capital Management is independently owned and operated and not affiliated with any custodian.

In recommending a custodian, Alpha Capital takes into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. You should recognize that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there might be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on your behalf. You are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### **A.1.a. How We Select Brokers/Custodians to Recommend**

Alpha Capital Management seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **A.1.b. Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts have been negotiated based on the overall relationship with the custodian. This negotiation is in part tied to the amount of assets the firm has with the custodian. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for clients' accounts.

#### **A.1.c. Soft Dollar Arrangements**

Alpha Capital Management does not receive research or brokerage services provided in soft dollar credits for research or brokerage services.

#### **A.1.d. Institutional Trading and Custody Services**

The custodian provides Alpha Capital Management with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and

other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### **A.1.e. Independent Third Parties**

The custodian also makes available, arrange, and/or pay third-party vendors for the types of services rendered to Alpha Capital Management. The custodian sometimes has in the past also discounted or waived fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Alpha Capital Management.

#### **A.1.f. Additional Compensation Received from Custodians**

Alpha Capital Management participates in institutional customer programs sponsored by broker-dealers or custodians. Alpha Capital Management recommends these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Alpha Capital Management's participation in such programs and the investment advice it gives to its clients, although Alpha Capital Management receives economic benefits through its participation in the programs that are typically not available to 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 Alpha Capital Management participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Alpha Capital Management by third-party vendors

Some of the products and services made available by such custodian through its institutional customer programs benefit Alpha Capital Management but do not directly benefit its client accounts. These products or services assist Alpha Capital Management in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Alpha Capital Management manage and further develop its business enterprise. The benefits received by Alpha Capital Management or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Alpha Capital Management also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation requires Alpha Capital Management to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Alpha Capital Management will typically



receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Alpha Capital Management's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Alpha Capital Management's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Alpha Capital Management endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Alpha Capital Management or its related persons in and of itself creates a potential conflict of interest and might indirectly influence Alpha Capital Management's recommendation of broker-dealers for custody and brokerage services.

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

Alpha Capital Management does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. Alpha Capital Management Recommendations**

Alpha Capital Management typically recommends Schwab, TD Ameritrade, or Fidelity as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

### **A.3.b. Client-Directed Brokerage**

Occasionally, clients have directed Alpha Capital Management to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Alpha Capital Management derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Alpha Capital Management loses the ability to aggregate trades with other Alpha Capital Management advisory clients, potentially subjecting the client to inferior trade execution prices.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

Alpha Capital Management, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, and the executing broker. Alpha Capital Management recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Alpha Capital Management follows a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Alpha Capital Management seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Alpha Capital Management's knowledge, these custodians provide high-quality execution, and Alpha Capital Management's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Alpha Capital Management believes that such commission rates are competitive within the securities industry. Lower commissions or better execution could possibly be achieved elsewhere.

## **B.2 Security Allocation**

Since Alpha Capital Management is managing accounts with similar investment objectives, Alpha Capital Management aggregates orders for securities for such accounts. In such event, allocation of the securities so purchased or sold is made by Alpha Capital Management in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Alpha Capital Management's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Alpha Capital Management will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Alpha Capital Management's advice to certain clients and entities and the action of Alpha Capital Management for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Alpha Capital Management with respect to a particular investment could, for a particular client,

differ or be opposed to the recommendation, advice, or actions of Alpha Capital Management to or on behalf of other clients.

### **B.3 Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day are, if possible, aggregated with any previously unfilled orders. Subsequent orders are also aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs. Custodians we recommend do not provide commission advantages to participants in block trades.

To minimize performance dispersion, "strategy" trades are aggregated and average priced.

### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts and Advisory Persons Involved**

Portfolios are managed under a quantitative methodology and are evaluated on a daily basis. Account reviews occur upon a periodic basis or upon client request with performance reviews conducted on a quarterly basis by either firm principal.

Reviews could be warranted more frequently due to tax law changes, market changes, market conditions or changes in personal circumstances. Reviews initiated by the client will be for personal objectives or for any reason client desires. The reviews will be conducted by investment advisor representatives and will be consistent with desires of the client respecting frequency and changing circumstances or objectives.

### **B. Review of Client Accounts on Non-Periodic Basis**

Alpha Capital Management performs ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Alpha Capital Management formulates investment advice.

## **C. Content of Client-Provided Reports and Frequency**

Statements, confirmations and/or performance reports are furnished monthly or quarterly from various financial services institutions/firms with which our clients transact business. These firms include, and are not limited to, brokerages, investment companies, insurance companies, trust companies, other registered investment advisors, banks and credit unions. Our clients receive account statements from these entities and not our firm. We provide performance reports, invoices, and other notifications through our client portal and/or through the mail. The monthly account statements from the custodian indicate activity, previous portfolio balances, current portfolio balances, and account summary. Clients also receive quarterly performance information including portfolio value and fee summary and have access to account information online through the account custodian website.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Other than what is disclosed in Item 12 regarding benefits the firm receives from its custodian(s), Alpha Capital Management does not receive economic benefits for referring clients to third-party service providers.

### **B. Advisory Firm Payments for Client Referrals**

#### **B.1. Schwab Advisor Network**

In the past, Alpha Capital Management received client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in the Schwab Advisor Network ("the Service"). We pay Schwab a participation fee on all referred clients' accounts. Participation Fees are a percentage of the value of the assets in the client's account. We are paying Schwab a Participation Fee so long as the referred client's account remains under our management.

We charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service. We usually increase the management fee charged to the Schwab Advisor Network clients' accounts by the amount of the Schwab participation fee. We generally pay Schwab a non-Schwab custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. The non-Schwab custody fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The non-Schwab custody fee is higher than the participation fees we generally would pay in a single year. Thus, we will have an incentive to recommend that client accounts be held in custody at Schwab.

The participation and non-Schwab custody fees are based on the amount of assets in accounts of our firm's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentive to encourage household members of clients referred through the Service to maintain custody of their accounts at Schwab.

## **B.2. Solicitor Services**

Alpha Capital Management has entered into an agreement with a solicitor who has referred prospective advisory clients to us in return for a portion of the ongoing investment advisory fee. Such arrangements comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. These requirements require the solicitor to have a written agreement with Alpha Capital Management. The solicitor must provide the client with a disclosure document describing the fees to be received from Alpha Capital Management, that those fees represent an increase in fees that Alpha Capital Management would otherwise charge the client, and whether an affiliation exists between Alpha Capital Management and the solicitor.

## **Item 15: Custody**

Client funds and securities will always be maintained with a "qualified custodian" as required under Rule 206(4)-2 under the Advisers Act and we will not take physical possession of any funds or securities. No employee is permitted to act as executor or trustee for any client account. Clients receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Clients are urged to compare billing statements provided by Alpha Capital Management to the custodian statement for accuracy. Any discrepancies should be brought to the firm's attention. The custodian's statement is the official record of the account.

Because Alpha Capital Management is authorized to deduct fees from clients' accounts, regulations deem this a form of custody which does not require disclosure on the Form ADV Part 1. Some of our clients have given us standing instructions to move assets to a named third party where the timing and amount of the movement are not predefined. In these cases, we are deemed to have custody over those assets, but are not required to have these accounts surprise examined on an annual basis.

## **Item 16: Investment Discretion**

Clients grant a limited power of attorney to Alpha Capital Management with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Alpha Capital Management will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.

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

Alpha Capital Management does not take discretion with respect to voting proxies on behalf of its clients. Alpha Capital Management will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Alpha Capital Management supervised and/or managed assets.

Except as required by applicable law, Alpha Capital Management will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Alpha Capital Management has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Alpha Capital Management also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Alpha Capital Management has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Alpha Capital Management receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

There is no financial condition that is reasonably likely to impair Alpha Capital Management's ability to meet its contractual commitments to its clients.

Due to the unforeseen circumstances as a result of Covid-19, we have applied for and received a PPP loan in order to ensure our ability to retain our highly skilled employees.