



**A L P H A C O R E**  
WEALTH ADVISORY

## **AlphaCore Capital LLC**

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Date of Disclosure Brochure: November 5, 2021

This disclosure brochure provides information about the qualifications and business practices of AlphaCore Capital LLC (also referred to as we, us and AlphaCore throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Tricia Zehr at 858-875-4100 or [tzehr@alphacorewealth.com](mailto:tzehr@alphacorewealth.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about AlphaCore is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view AlphaCore's information on this website by searching for AlphaCore Capital LLC or AlphaCore's CRD number 174346. Registration as an investment adviser does not imply a certain level of skill or training.



## Item 2: Material Changes

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This disclosure brochure will be updated annually or when material changes occur since the previous release. AlphaCore's last annual amendment to Form ADV Part 2A was dated March 31, 2021.

There have not been any material changes since the last annual amendment. The following is a summary of changes made to this brochure since the last version dated March 31, 2021.

**Item 4: Advisory Business:** AlphaCore provided an update to its assets under management through October 31, 2021, as well as disclosure of a newly formed subsidiary, AlphaCore Insurance Services. In addition, AlphaCore has added information about its services to retirement plan accounts.

**Item 10: Other Financial Industry Activities and Affiliations:** AlphaCore added disclosure of a newly formed subsidiary, AlphaCore Insurance Services.

**Item 14: Client Referrals and Other Compensation:** AlphaCore updated our disclosure with respect to third party referrals given the adoption of changes to Rule 206(4).

**Item 17: Voting Client Securities:** Language was updated given that AlphaCore has accepted proxy voting discretion for certain limited clients.

With each update to its Form ADV Part 2A, AlphaCore may make other non-material changes such as updates to assets under management and other disclosures we do not deem material. AlphaCore encourages each client to read the brochure carefully and contact us with any questions.

Once you become a client, AlphaCore will provide information upon material changes to this brochure, and within 120 days of calendar yearend at no cost to you. We will either deliver the updated brochure that includes a summary of material changes or deliver a summary of material changes that includes an offer to provide a copy of the updated brochure and information on how a client may obtain the brochure.



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## Item 4: Advisory Business

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AlphaCore Capital LLC (“AlphaCore”), doing business as AlphaCore Wealth Advisory, is an investment adviser registered with the Securities and Exchange Commission (“SEC”) since September 28, 2016 and is a limited liability company formed under the laws of the State of Delaware. AlphaCore has been in business as an investment adviser since February of 2015 (previously registered with the state of California).

Richard “Dick” Pfister is the CEO and President, Managing Member and majority owner of AlphaCore. Mr. Pfister acts in a general supervisory capacity, including oversight of AlphaCore’s Chief Compliance Officer, and general supervision of sales activities of AlphaCore’s investment adviser representatives. Mr. Pfister is also President of AlphaCore Services, Inc., an affiliated servicing company that is not registered in any capacity. Mr. Pfister also acts in the capacity of Managing Member for AlphaCore Insurance Services LLC, a wholly owned subsidiary of the Adviser. This affiliate was formed in November 2021, but has not yet commenced operations as of the date of the brochure. Full details of the education and business background of Dick Pfister are provided in his Form ADV Part 2B, which is delivered to new clients, upon material revision, or upon request.

### Description of Advisory Services

AlphaCore provides asset management and financial planning services to individuals, high net worth clients, charitable organizations, institutions, and other investment advisers.

The following are descriptions of the primary advisory services of AlphaCore. At the beginning of the client relationship, a written agreement, which details the exact terms of the service, must be signed by each client and AlphaCore before we can provide any advisory services.

### Asset Management Services

AlphaCore offers asset management services, which involves AlphaCore providing continuous and ongoing supervision over the assets in our clients’ advisory accounts.

AlphaCore generally manages all client assets on a fully discretionary basis but will provide non-discretionary management under certain circumstances. Please refer to *Item 16* for further information regarding our discretionary authority.



Clients managed accounts are held by qualified custodian(s) under the name of each client. The qualified custodians maintain physical custody of all funds and securities in client accounts, and clients retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations of the assets in their account(s)).

Accounts are managed by us based on each client's financial situation, investment objectives and risk tolerance.

At the beginning of the relationship, we obtain certain information from each client to determine their financial situation and investment objectives, along with any investment restrictions. AlphaCore does not assume any responsibility for the accuracy of the information provided by clients and we are not obligated to verify the information received. We rely upon the information when managing our clients' assets and clients are responsible for notifying us of any updates or changes to this information. However, as part of our services, we periodically contact clients to determine if any changes or updates regarding their financial situation, risk tolerance or investment objectives have occurred. We are always reasonably available to consult with clients regarding the status of the investments in their managed account(s). Clients have the ability to impose reasonable restrictions on the management of the assets in their accounts, including the ability to instruct us not to purchase certain securities.

In the event that a client notifies AlphaCore of changes in the client's financial circumstances or objectives, AlphaCore will review such changes and recommend and/or make any necessary revisions to the client's portfolio to bring it in line with the changes. Investment adviser representatives will generally meet with clients no less than annually to review the client's investment goals and current advisory portfolios. Representatives are also available during normal business hours to consult with clients.

It is important to understand that we manage investments for a number of clients and may give advice or take actions for certain clients that is different from the advice we provide to other clients. We are not obligated to buy, sell or recommend to a client any security or other investment that we may buy, sell or recommend for any other clients, or for our own accounts.

Conflicts of interest may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for our clients equitably and consistently with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a



security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

*Retirement Plan Services:* We provide advisory services for corporate retirement plans, such as pension, profit sharing, and participant-directed, individual account plans (i.e., 401(k), 403(b), etc.). Specifically, we may provide; (i) discretionary investment management services, (ii) non-discretionary advisory services, and/or (iii) advisory services to employer-sponsored retirement plans and their participants in either an ERISA 3(38) fiduciary or ERISA 3(21) co-fiduciary capacity. Prior to being engaged by the plan sponsor, we will provide a copy of this Form ADV Part 2 along with a copy of our Privacy Policy and our disclosure agreements as required under Sec. 408(b)(2) of the Employee Retirement Income Security Act ("ERISA"), as applicable.

If we are providing services directly to an ERISA plan, such services are provided through execution of a specific retirement plan services agreement.

In providing services directly to plans, AlphaCore may establish a client relationship with one or more plan participants. Client relationships may develop in various ways such as in the course of such conversations on financial planning or discussions regarding a client's decision to rollover assets from employer retirement accounts to individual retirement accounts such as a Rollover IRA. If a plan participant desires to affect an IRA rollover from the plan to an account advised or managed by AlphaCore, or if we make a recommendation to affect a rollover, we will have a conflict of interest given that our advisory fees can reasonably be expected to be higher than those we receive in connection with direct plan servicing due to the individualized nature of the services. To mitigate such conflicts, AlphaCore will disclose relevant information about the applicable fees we charge for advising or managing an IRA via our asset management agreement and this disclosure brochure. The ultimate decision to affect a rollover and/or to take a distribution from any retirement account rests solely with the individual Client.

*Recommendation of Unaffiliated Sub-Advisers:* As part of our Asset Management Services, we may (upon coordination with the Client) select one or more unaffiliated, third-party investment advisers to serve as "Sub-Advisers" to manage a portion of a client's assets. Fees assessed by Sub-Advisers are separate and in addition to the advisory fees we charge. AlphaCore performs due diligence on each Sub-Adviser and confirms, among other things, that each Sub-Adviser is properly registered as an investment adviser with the appropriate regulator. The decision to use a Sub-Adviser is always based on each client's individual needs and is predicated upon whether a strategy offered or made available by a Sub-Adviser is in the best interests of our clients. Clients will be provided a copy of the



applicable Sub-Adviser's Form ADV Part 2A Disclosure Brochure, Form ADV Part 2B Supplemental Brochure(s) and Form CRS at or before a Sub-Adviser is hired to manage a client's assets.

Selected Sub-Advisers will provide ongoing discretionary investment management services and trading authority over a client's designated assets. This means they can decide what securities to purchase and sell with the designated assets without first discussing with the client and where and when to place the transactions.

We are always available to answer questions clients may have regarding their assets managed by the Sub-Adviser(s) and usually act as the communication conduit between the clients and the Sub-Advisers.

### Financial Planning Services

In connection with our Asset Management Services, we offer financial planning services to clients in collaboration with our client's other consultants and advisors. Such services involve preparing a written financial plan covering specific or multiple topics, which usually takes between 1 to 4 hours to complete. Topics that we may discuss and include in a client's financial plan, depending on a client's needs, which may include the following:

*Retirement Planning*– This involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate distributions of assets following retirement. Tax implications and consequences are identified and evaluated in general terms.

*Education Planning* – AlphaCore's financial planning services may include advice on projecting required savings or investing objectives to meet general or specific future educational needs.

*Tax Planning*–Our firm may offer advice as to how tax laws may affect various financial decisions, e.g., acquisitions, pension strategy, investing in new opportunities or consolidation of existing investments, and individual taxation issues, among others.

*Investment Consulting and Asset Allocation* – This involves advice with respect to asset selection and allocation, as well as investment income accumulation techniques. Evaluations are made of existing and, when applicable, potential investments in terms of their economic and tax characteristics as well as their suitability for meeting client's objectives. Tax consequences and their implications are identified and evaluated in general terms.



*Risk Management and Insurance Analysis* – This includes risk management associated with advisory recommendations based on the combination of insurance types that best meet a client's specific needs, e.g., life, health, disability, and long-term care, and others as appropriate.

The preceding is not intended to be an exhaustive list of the topics we may include in a financial plan. We may or may not include additional areas of focus depending on a client's needs.

When providing financial planning services, the role of the investment adviser representative is to find ways to help a client understand their overall financial situation and help set financial objectives. Clients should be aware that there are important issues that may not be taken into consideration when an investment adviser representative develops his or her analysis and recommendations under a limited or modular financial plan.

Clients have the sole responsibility for determining whether to implement our financial planning recommendations. Clients are under no obligation to act upon our financial planning recommendations. If a client does act upon our recommendations, the client is under no obligation to effect transactions through AlphaCore. AlphaCore encourages clients to consult their other advisors, such as their attorneys or tax professionals regarding their specific legal or tax circumstances and plans.

#### Institutional Sub-Adviser Services

AlphaCore offers its investment strategies to institutional advisers directly and/or may provide access through various platforms. The institutional advisers provide the relationship management portion of the service and recommends our strategy to their clients. The institutional advisers ultimately have the fiduciary duty to these clients to ensure that the strategy is suitable for their clients' portfolios.

#### Institutional Management and Consulting Services

AlphaCore may provide certain institutional consulting services such as fund or manager due diligence services, or asset allocation services for a negotiated flat fee.

In addition, AlphaCore has entered into, and may enter into other arrangements in the future, agreements which provide for certain institutional management and shareholder servicing to institutions which compensate AlphaCore on a percentage of their advisory fees. Please see *Items 5, 10 & 14* for additional details on the existing agreement.



## Institutional Model Portfolio Subscription Service

AlphaCore offers subscription services allowing institutions and other clients to utilize AlphaCore's proprietary strategies. These strategies are designed to satisfy a gradient of standard risk/return assumptions as determined by AlphaCore. These services constitute impersonal advisory services and are not designed to meet the investment objectives of an individual client. The subscribing institutional clients ultimately have the fiduciary duty to their clients to ensure that the strategy is suitable, if utilized for management of their clients' portfolios.

### Advice to Certain Types of Investments

While we do not limit advice to specific types of investments, we specialize in "alternative" investing strategies which we define as non-correlated with traditional markets or indices. Alternative investment managers can invest long or short, across multiple asset classes, aren't constrained to an investment style, and aren't entirely dependent on the markets going up to achieve positive results. These strategies may be executed by investment into liquid investments, such as mutual funds or exchange traded funds, or investments with limited liquidity, such as unregistered hedge funds or registered closed end funds.

AlphaCore may provide investment advice on a wide variety of investments types depending on a Client's goals, objectives, investment experience and risk tolerance. These may include but are not limited to:

- Alternative Mutual Funds
- Traditional Mutual Funds
- Closed-End Funds
- Exchange Traded Funds ("ETFs")
- Exchange-listed Securities
- Corporate Debt Securities
- Commercial Paper
- Municipal Securities
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests
- Hedge Funds (including Limited Partnerships)
- Private Equity funds and investment opportunities
- Private Real Estate
- Exchange Traded Options

Although we generally provide advice only on the investments previously listed, as noted above, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.



Please refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more information.

#### Tailor Advisory Services to Individual Needs of Clients

AlphaCore's advisory services are always provided based on a client's individual needs. This means, for example, that when we provide asset management services, clients are given the ability to impose restrictions on the accounts we manage, including specific investment selections and sectors. Our financial planning services are always provided based on a client's individual needs. When providing financial planning services, we work with each client on a one-on-one basis through interviews and questionnaires to determine their investment objectives and suitability information.

We may elect to not enter into an investment advisory relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### Participation in Wrap Fee Programs

We do not offer or participate in wrap-fee programs.

#### Client Assets Managed by AlphaCore

As of October 31, 2021, AlphaCore manages \$1,243,485,069 with \$794,207,833 managed on a discretionary basis, and \$449,277,236 managed on a non-discretionary basis. The Adviser has a total of \$1,404,740,458 under advisement (including regulatory assets under management) as of October 31, 2021.

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

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In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding AlphaCore's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the advisory agreement between the client and AlphaCore.



## Asset Management and Financial Planning Services & Fees

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance on a quarterly calendar basis, and calculated based on the fair market value of a client's account as of the last business day of the previous billing period. For actively managed accounts, we generally bill on cash and margin balances. For clients that hold privately offered securities which may have a delay in final valuations, the most current market value will be used for advance billing purposes. AlphaCore will ensure the value used is current as of the prior billing quarter (e.g., the value must be no older than October 30 for advance first quarter billing, which typically utilizes December 31 values). For private equity funds, we bill on called capital balances.

We generally do not charge separately or impose additional fees for our financial planning services. These financial planning services are covered by the asset management fees.

Fees are pro-rated (based on the number of days service is provided during the initial billing period) when accounts are opened at any time other than the beginning of the billing period. If asset management services commence in the middle of the billing period, then the pro-rated fee for that billing period will commence when new accounts are fully funded, will be based on the value of the account on the start date, and will be combined and due (deducted or billed) with the next quarterly advance billing cycle. For example, an account that commences trading in mid-December will be assessed per diem for the remaining portion of the fourth quarter, and this pro-rated new account billing will be added to the advance billing for the first quarter.

While our general new account size is \$500,000 or more, we do not require a minimum amount. AlphaCore reserves the right to not accept any potential client or to terminate any current client at our sole discretion.

The following is our current standard fee schedule:

<b><u>Assets under Management</u></b>	<b><u>Annual Fees</u></b>
\$0 to \$1,250,000	1.50%
\$1,250,001 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.75%
\$10,000,001 and above	0.50%

*Tiered-Blended Pricing Schedule:* The standard fee schedule utilizes a blending of the rates above. As an example, a client with \$7,000,000 of



assets under management with AlphaCore would pay 1.50% annually on the first \$1,250,000; 1.00% on managed assets over \$1,250,000 up to \$5,000,000; and 0.75% on managed assets over \$5,000,000 up to \$10,000,000. The resulting blended fee would be approximately 1.02%.

Fees charged for our asset management services are negotiable based on a variety of factors, including but not limited to the type of client (such as employee retirement plans), the complexity of the client's situation, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the family or larger relationship. Please note, while not our standard fee schedule, some clients may negotiate a fixed percentage fee (e.g., 1.0% per year on assets under management). Therefore, certain AlphaCore clients are charged lower fees than our standard fee schedule.

In addition, this fee schedule represents the fees charged solely by AlphaCore and does not include the fees charged by Sub-Advisers selected by AlphaCore to manage clients' accounts, when applicable. Fees assessed by Sub-Advisers are separate and in addition to the advisory fees we charge. We strive to ensure that the fees charged separately by the Sub-Advisers and also the fees charged by both AlphaCore and the Sub-Advisers are reasonable in light of the services being provided. Sub-Advisers are responsible for calculating and billing their fees. A description of each Sub-Adviser's fees and billing practices are outlined in their respective Form ADV Part 2A, which is provided to each applicable client. Please also refer to "Other Fees and Expenses" below for further information on third party fees.

In addition to our compensation, clients may also be subject to imbedded fees and expenses, such as advisory fees and fund expenses (i.e., brokerage, administrative, legal, and other expenses) charged by hedge funds, exchange traded funds, and mutual funds. The advice provided by AlphaCore may include recommendations to sell, hold, or purchase unaffiliated funds. Funds incur advisory, administrative, and custodial fees, as well as other fees and expenses that it pays out of its own assets. These expenses comprise the funds' respective expense ratio. None of the fees or expenses paid to the funds are received by AlphaCore. Please refer to each fund's offering materials, such as each respective prospectus, statement of additional information or confidential offering materials for details on all fees and expenses.

AlphaCore typically deducts the investment advisory fees directly from a client's account, and these fees are paid directly to AlphaCore by the client's qualified custodian(s). A client may elect to pay AlphaCore upon receipt of a billing notice sent directly to the client. For client's that choose to have the investment advisory fees deducted from their account, the client must provide the qualified custodian(s) of their account with authority to deduct fees and pay such fees



directly to AlphaCore. This authorization is contained in the client agreement entered into with AlphaCore, when clients select this method of payment. If a client chooses to directly pay the advisory fees, fees will be due upon receipt of a billing statement. Such billing statements will detail the fee schedule used to calculate the fee, the assets under management, and the time period covered. Clients will receive a statement from their qualified custodian no less than on a quarterly basis detailing all account transactions, including amounts paid to AlphaCore. We will make a billing statement available to clients upon request.

**Clients should review their account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. AlphaCore calculates Client's advisory fees due, and the client's custodian(s) will not verify the accuracy of the investment advisory fees deducted.**

AlphaCore believes that its annual fee is reasonable in relation to the services provided, and the fees charged by other investment advisers offering similar services/programs. Our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

#### Termination of Asset Management and Financial Planning Services

The asset management services continue in effect until terminated. Clients may terminate the services by providing AlphaCore with written notice. AlphaCore may terminate the services by providing clients with written notice, effective 30 days after receipt of the written notice. Any prepaid, unearned fees will be refunded by AlphaCore to the client with the next quarter's billing cycle. Fee refunds will be determined on a per diem basis using the number of days services are actually provided during the final period.

#### Schwab Advisor Network®

AlphaCore may receive client referrals from Charles Schwab & Co., Inc. ("Schwab") through AlphaCore's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment adviser. Schwab is a broker-dealer independent of and unaffiliated with AlphaCore. Please note Schwab does not supervise AlphaCore and has no responsibility for AlphaCore's management of clients' portfolios, other advice or services.

In the event AlphaCore provides advisory services to a client referred to it by Schwab, AlphaCore will pay Schwab fees to receive client referrals through the



Service. AlphaCore's participation in the Service may raise potential conflicts of interest described herein.

AlphaCore will pay Schwab a participation fee on all referred clients' accounts that are maintained in custody at Schwab, and a Non-Schwab custody fee on all accounts that are maintained at, or transferred to, another custodian. Subject to certain exceptions, the participation fee paid by AlphaCore a percentage of the average daily total assets during the quarter in all referred client accounts maintained at Schwab. AlphaCore pays Schwab the participation fee for so long as the referred client's account remains in custody at Schwab. The participation fee is billed to AlphaCore quarterly and may be increased, decreased or waived by Schwab from time to time. **The participation fee is paid by AlphaCore, not by the client, and does not increase the fees a client will pay.** AlphaCore has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs AlphaCore charges clients with similar portfolios who were not referred through the Service.

AlphaCore generally pays Schwab a non-Schwab custody fee if custody of a referred client's account is not maintained with 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 AlphaCore would generally pay in a single year. Thus, AlphaCore has an incentive to recommend that client accounts be held in custody at Schwab.

Please also refer to *Item 14* for the disclosure of potential conflicts of interest.

#### Institutional Sub-Advisory Services

Fees charged for our sub-advisory services are negotiable, billed quarterly in advance, based on the fair market value of sub-advisory assets in the account on the last day of previous billing period. For actively managed accounts, we generally bill on cash balances and margin balances. Fees charged for our institutional sub-advisory services are negotiable based on a variety of factors, including but not limited to the relationship of the client with AlphaCore, and the total amount of assets under management for the client. If sub-advisory services commence in the middle of the billing period, then the pro-rated fee for that billing period will commence when new accounts are funded, will be based on the value of the account on the start date, and will be combined and due (deducted or billed) with the next quarterly advance billing cycle. For example, an account that commences trading in mid-December will be assessed per diem for the remaining portion of the fourth quarter, and this pro-rated new account billing will be added to the advance billing for the first quarter billing.



The following is our standard fee schedule:

<b><u>Assets under Management</u></b>	<b><u>Annual Fees</u></b>
\$1,000,000 to \$5,000,000	0.65%*
\$5,000,001 to \$10,000,000	0.50%
\$10,000,001 and above	0.35%

*\*A minimum quarterly fee of \$1,250 is applicable to advisor relationships utilizing the Sub-Advisory Service. The minimum fee can be lowered and/or waived at the sole discretion of AlphaCore.*

*Tiered-Blended Pricing Schedule:* The standard fee schedule utilizes a blending of the rates above. As an example, an advisory relationship with \$6,000,000 of assets under management with AlphaCore would pay 0.65% annually on the first \$5,000,000, 0.50% on the next \$1,000,000. The resulting blended fee would be 0.55% per annum.

### Institutional Management and Consulting Services

AlphaCore may provide certain institutional consulting services (such as manager due diligence and other support services) for a negotiated flat fee. These fees are negotiated based on the scope of services with each institution, but are generally charged as a one-time fee, but may be on a quarterly basis dependent on the requested services.

In addition, AlphaCore has entered into certain shareholder servicing agreements whereby AlphaCore is compensated on a percentage of advisory fees collected to provide shareholder servicing to specific fund investors. All involved clients have received disclosure regarding these arrangements, the services provided, and all associated compensation.

### Institutional Model Portfolio & Research Subscription Service

Fees charged for our subscription services are negotiable, billed quarterly in arrears, and based on the complexity of the support services provided, and the nature of the relationship of the client with AlphaCore. AlphaCore's standard fee for institutional investors is a flat annual fee of up to 0.50%\* of the daily net assets of subscriber's assets invested in the models, and as reported by the subscriber. AlphaCore may agree to a negotiated flat fee for its subscription services. Fees will be due within 10 days of each quarter's end. In the event of the termination of subscription services, the applicable fees shall be paid until the earlier of either AlphaCore releasing a revised model portfolio, or the adviser reallocating client assets away from the AlphaCore model portfolio.



*\*A minimum quarterly fee of \$6,250 is applicable to institutional relationships utilizing the Model Portfolio & Research Subscription Service. The minimum fee can be lowered and/or waived at the sole discretion of AlphaCore.*

### Other Fees and Expenses

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to the client by the qualified custodian and are in addition to the advisory fees paid. These may include account and custody fees (including higher custodial fees for private placement securities), transaction charges, short term redemption fees, and others. AlphaCore does not participate in any of these fees, but please note charges may vary among custodians. The Client may incur transaction charges from the custodian calculated on a per trade basis (transaction-based pricing) or based on assets under management (asset-based pricing). AlphaCore does not receive any portion of such commissions or transaction fees paid to qualified custodians. In certain circumstances, AlphaCore may deem it in the client's best interest, or AlphaCore's clients may elect, to participate in asset-based pricing rather than transaction-based pricing. AlphaCore will complete and/or assist with an evaluation of account and asset characteristics to elect the most appropriate option. At any given time, a Client may incur more or less in transaction charges depending on the pricing selection, due to varying and fluctuating factors such as assets under management, minimum fees imposed, trading maximums, and trading frequency. In addition, broker-dealers and custodians may change their fee structure at any time, so clients are urged to review custodial statements for incurred charges.

In addition, clients will incur certain charges imposed by third parties other than AlphaCore in connection with investments made through client's account including, but not limited to, imbedded fund fees and expense (which may include redemptions fees), sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s). The management fees charged by AlphaCore are separate and distinct from the fees and expenses charged directly by securities (e.g., internal fund expenses) that may be recommended to clients or invested in clients' accounts by AlphaCore. AlphaCore does not share or participate in any of these fees or expenses. AlphaCore endeavors to select the most appropriate fund share class for our clients, based on various factors including account size, anticipated holding period, and turnover. AlphaCore generally utilizes an advisory or institutional share class option. A description of these fees and expenses are available in each fund's offering and governing documents.



## Additional Compensation Received by Investment Adviser Representatives

Mr. Marc Seward and Mr. Kirk Strawn serve as investment adviser representatives of AlphaCore and are also registered insurance agents. In this capacity, Mr. Seward or Mr. Strawn may recommend from time-to-time various insurance products to AlphaCore clients. Should a client elect to purchase the recommended insurance product(s), they will receive commissions depending on the insurance product. Please note that while Mr. Seward and Mr. Strawn currently conduct insurance activities through their own unaffiliated businesses, AlphaCore anticipates they will operate under our affiliated entity, AlphaCore Insurance Services, in the future.

The receipt of additional compensation creates an inherent conflict of interest and could affect the judgment of Mr. Seward or Mr. Strawn when making recommendations. The conflict is due to the fact that they have an incentive to make recommendations based on the compensation they could receive rather than on a client's needs. AlphaCore and its investment adviser representatives endeavor at all times to put the interests of the clients first, and recommendations only will be made to the extent that they reasonably believed to be in the best interests of the clients. Also, this conflict is disclosed to AlphaCore clients at the time of entering into an advisory agreement, mainly through the delivery of this Disclosure Brochure (ADV Part 2A) and the investment adviser representative's Form ADV Part 2B Supplement Brochure. Clients are not obligated to implement insurance recommendations made by Mr. Seward or Mr. Strawn and have the option to purchase any recommended insurance products through other non-affiliated insurance agents.

Additionally, AlphaCore may enter into arrangements whereby it pays a portion of ongoing advisory fees to retired or terminated investment adviser representatives as part of a severance or other plan. These arrangements do not increase the fees paid by AlphaCore Clients.

Please refer to *Item 10* for additional information regarding the financial industry affiliations of AlphaCore and its investment adviser representatives.

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

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Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. AlphaCore does not charge or accept performance-based fees.



## Item 7: Types of Clients

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AlphaCore generally provides investment advice to high net-worth individuals, registered investment advisers, banks and trusts, small companies, and charitable organizations, and may provide investment advice to non-high net worth individuals and other institutions. AlphaCore also has certain institutional agreements in place to provide certain advisory services and shareholder services to specific underlying fund investors.

Clients are required to execute a written advisory agreement with AlphaCore prior to AlphaCore providing advisory services.

### Minimum Investment Amounts Required

Our account minimum is \$1 million. AlphaCore does reserve the right to accept or not accept any potential client or terminate any current client at our sole discretion. AlphaCore may impose a minimum annual fee for its institutional sub-advisory services, and its institutional model portfolio & research subscription service. See *Item 5 – Fees and Compensation*.

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

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### Methods of Analysis

AlphaCore utilizes a variety of methods to analyze securities and sub-advisers when formulating customized client investment advice.

**Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Although most



analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security. Fundamental analysis may also involve such qualitative factors like company management, evaluating key stakeholders, or subjective review of a company's ability to provide positive economic value. The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

**Qualitative Macro** – Macro analysis involves the review of historical relative performance of various risk factors including but not limited to equity risk, interest rate risk, credit risk, commodity risk and shock risk potential. By incorporating a review of these factors and how they relate to the current market environment we can provide a framework for an allocation process that has the potential to provide superior risk adjusted returns for our clients.

Risks associated with qualitative macro analysis involve the subjectivity of the interpretation of the data itself. Even if the various risks described above are evaluated, there is no guarantee those risk factors will necessarily provide positive returns. In fact, they may contribute to potential loss.

**Manager Due Diligence Process** - AlphaCore may deliver an investment exposure to various assets and strategies by investing client accounts in a fund vehicle, which include but are not limited traditional and alternative mutual funds, closed end funds, exchange traded funds, and other registered and unregistered funds such as real estate investment trusts and hedge funds.

The investment review process for manager selection involves both a qualitative and quantitative assessment of their strategy and personnel. Qualitative aspects of the research process may include onsite due diligence meetings, a series of calls with the investment team, review of the overall investment company/firm, and assess of the overall consistency and ability of a manager to execute on their stated investment strategy.

The quantitative review process is intended to complement qualitative analysis. Quantitatively driven analysis may help monitor manager performance, measure and help frame the consistency of their returns, and help in better understanding the manager's source of risks being taken in their investment strategy.

Risks associated with manager selection may include, but are not limited to style drift, underlying liquidity issues, and personnel turnover/keyman risks.



## Investment Strategies

AlphaCore creates investment portfolios based on the investment objectives, risk tolerance and individual financial issues of each client. AlphaCore's investment strategies consider the clients' short- and long-term financial objectives, retirement horizon, liquidity needs and tolerance for risk. AlphaCore periodically reviews changes in clients' needs, as well as economic and market conditions. When recommending any investment, AlphaCore is sensitive to expenses and fees as they relate to added value and return.

AlphaCore primarily focuses on long-term investment strategies (i.e., investments held for an entire market cycle). More specifically, the AlphaCore model portfolio emphasizes alternative investments (alpha) as the central allocation to provide positive risk adjusted returns while complementing these allocations with traditional stocks and bonds (beta) to finalize the diversification of our client's entire portfolio.

The strategies and asset classes that AlphaCore may trade are a significant portion of the global investment universe. AlphaCore may invest directly in these strategies and asset classes, or AlphaCore may invest in funds or partnerships that allocate to these strategies and asset classes.

## Instruments Traded

AlphaCore may take long positions or short positions in these asset classes:

**Alternatives** - AlphaCore attempts to provide clients with portfolio diversification through a variety of asset classes that may offer returns not highly correlated with US or foreign stocks, bonds or hard assets. These may include securities focused on managed futures, merger arbitrage, long-short equity, long-short credit, global macro, specialty strategies, equity market neutral, interest rate hedges and diversified strategies which may include relative value, event-driven, directional, pairs trading, multi-strategy and multi-manager strategies. Depending on suitability, qualification and sophistication of the Client, the alternative investments may include daily liquid mutual funds, closed end funds with limited liquidity as well as private placements are subject to more even longer redemption terms.

**Bonds** - There is a wide variety of bond categories that AlphaCore may recommend at various times:

- US Government, TIPS, municipals, floating rate, adjustable agency, mortgage-backed, convertible,



- asset-backed, corporate, foreign;
- From high quality and investment grade to high yield and distressed;
- Durations may include ultra-short, short, intermediate and long term bonds;
  - Individual bonds may be laddered, actively managed in a Separately Managed Account (“SMA”), mutual fund structure, and/or fixed income investments may also include index funds, exchange traded funds (“ETFs”), and exchange traded notes (“ETNs”).

**Cash and Cash-Equivalents** - These are short-term in nature and are set aside for future cash needs and for ultra-conservative allocations. These may include money market funds, certificates of deposit, commercial paper and treasury bills.

**Derivatives** – May include options contracts on indices, equities, fixed income securities or futures contracts, futures contracts, and swaps.

**Equities** - AlphaCore invests in the full spectrum of equities including individual stocks, exchange traded funds, index and actively managed mutual funds. US stocks are diversified by style and size of companies, as well as management methodology. Foreign stocks include both developed and emerging markets and, at times, with currency hedges in place.

**Hard Assets** - Hard assets may benefit from rising prices and may perform better in an inflationary environment. AlphaCore may utilize securities investing in hard assets to further diversify portfolios and as an inflation hedge. Categories may include:

- Diversified commodities indices;
- ETFs whose underlying holdings are futures on hard assets or hard assets themselves;
- ETFs whose underlying holdings are companies that are in the upstream, midstream or downstream vertical of a particular category of hard assets;
- Futures contracts related to commodities indices or individual commodities;
- Actively managed companies that produce or distribute commodities;
- Hard assets may be in individual holdings or holdings in actively managed mutual funds, Master Limited Partnerships (“MLPs”), exchange traded fund, and/or exchange traded notes; and
- Real Estate Investment Trusts (“REITs”).

#### Risk of Loss

**Alternative Investing** – Securities such as closed end funds, hedge funds, private equity and venture capital funds, commodity pools and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged,



speculative and volatile, and an investor could lose all or a substantial amount of an investment. In addition, these types of securities may be subject to higher fees and expenses. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, such funds are subject to less regulation and often charge higher fees, and may include performance based or incentive fees. These funds involve risk including possible loss of all principal. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification. Trading may occur outside the United States which may pose greater risks than trading on U.S. exchanges and in U.S. markets. Each Client should carefully read all offering materials and consult legal, tax and other advisers prior to making an investment decision.

Please be advised that Clients should read all offering materials and consult with their other advisers (including tax advisers) prior to any investment in an alternative investment fund. These are generally long term investments. An investor may be subject to long redemption and redemption notice periods, lock ups or “gates” which impose multiple year investment timelines or redemption periods (which may include a customary 5%-10% holdback until after completion of an audit at fiscal yearend), redemption fees, and generally higher fees which typically include a performance or incentive fee. Tax reporting, if in the form of a K-1 for a private fund, will be delayed (usually 120-180 days after yearend) and may require tax filing extensions. Often these funds have complex tax reporting issues that require additional tax form filings as well.

**Company Risk** - When directly or indirectly investing in stocks or other securities, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company’s employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

**Derivatives Risk** - There are risks associated with transacting in derivatives. Using derivatives creates leverage, which can magnify Client’s potential for gain or loss and, therefore, amplify the effects of market volatility and may fluctuate greatly over short periods. A buyer of a put or call option risks losing the entire premium invested in the option if a Client does not exercise the option. Use of swaps or other over the counter derivatives involve risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations; (ii) risk of mispricing or



improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index.

**ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, a client will bear additional expenses based on the client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. A client will also incur brokerage and/or transaction costs when purchasing ETFs or mutual funds.

**Equity (stock) market risk** – When directly or indirectly investing in stocks or other securities, you are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If a client held common stock, or common stock equivalents, of any given issuer, the client would generally be exposed to greater risk than if a client held preferred stocks and debt obligations of the issuer.

**Fixed Income Risk** - When directly or indirectly investing in bonds or other fixed income securities, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

**Liquidity Risk** – Investing directly or indirectly in certain assets such as hard assets, over the counter derivatives, or in structures such limited partnerships can be illiquid due to restrictions on sales, transfer and lack of a secondary trading market. Transactions may incur higher transaction costs or fees, and an investor may bear ongoing market risk while subject to restrictions on sales.

**Liquid alternative investments** – Alternative strategy mutual funds and exchange traded funds may be subject to a higher degree of volatility, and potentially a higher degree of regulatory risk as certain strategies and trading methodologies are under a degree of regulatory scrutiny. Certain alternative investment products may be new to the marketplace, and have a limited history of operations, and may be subject to higher expenses, and expense ratios may be higher during an initial asset raising period. Many strategies by nature are non-correlated to traditional markets, and therefore may not participate fully in traditional market returns, returns or may lose money while most traditional markets are making money.

**Management Risk** – A client's investment with AlphaCore varies with the success and failure of our investment strategies, research, analysis and determination of



portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

**Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Past performance is not indicative of future results. Therefore, a client should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, unregistered funds, exchange traded funds and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. A client should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, AlphaCore is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate a client from losses due to market corrections or declines.

### **Item 9: Disciplinary Information**

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There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

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AlphaCore is not and does not have a related person that is a broker-dealer, municipal securities dealer, government securities dealer or broker, a pooled investment vehicle (including a private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

AlphaCore is the sole owner of AlphaCore Insurance Services LLC. This entity was formed in November 2021 for the purpose of providing insurance planning and services to AlphaCore's advisory clients. While this entity is formed and registered



as an insurance company, we anticipate to commence operations in late first quarter 2022.

As noted in *Item 5*, Mr. Marc Seward and Mr. Kirk Strawn are investment adviser representatives of AlphaCore and are also independent registered insurance agents. AlphaCore anticipates Mr. Seward and Mr. Strawn to provide services to AlphaCore Insurance Services. This outside business activity creates a conflict of interest. For example, as outlined in *Item 5* above, from time-to-time Mr. Seward or Mr. Strawn may recommend various insurance products to AlphaCore clients and, when an insurance product is purchased by a client, they will receive commissions. The fact that Mr. Seward or Mr. Strawn receive compensation creates an incentive to make such recommendations, which in turn creates a conflict. Clients are not obligated to implement insurance recommendations and have the option to purchase any recommended insurance products through other non-affiliated insurance agents.

AlphaCore and its investment adviser representatives endeavor at all times to put the interests of the clients first, and recommendations only will be made to the extent that they are reasonably believed to be in the best interests of the client. While Mr. Seward and Mr. Strawn devote as much time to the business and affairs of AlphaCore as is necessary to perform their duty as investment adviser representatives, they also devote a portion of their time to performing services for this outside business activity. Having outside business activities create conflicts of interest, including time away from their duties performed for AlphaCore as investment adviser representatives. The conflicts outlined above are disclosed to clients at the time of entering into an advisory agreement, mainly through the delivery of this Disclosure Brochure (ADV Part 2A) and the investment adviser representative's ADV Part 2B Supplement Brochure.

#### Unaffiliated Investment Adviser Arrangements

As described in *Item 4* and *Item 5*, we may select independent, third-party investment advisers to serve as Sub-Advisers for our Clients in our Asset Management Services program. We do not receive a referral fee or solicitor fee from such Sub-Advisers. The only compensation we receive is the management fee we charge directly to our clients. Sub-Advisers will also bill clients directly, but our fees are completely separate from the fees charged by Sub-Advisers (please refer to *Item 5* for more details). This policy helps us avoid selecting Sub-Advisers based on our economic interests. Instead, we select Sub-Advisers we believe are most appropriate for our clients absent additional economic benefits we could receive from a third-party Sub-Adviser.

As disclosed in prior items, AlphaCore has agreements with other investment advisers whereby AlphaCore is compensated on a percentage of assets under



management per annum to provide shareholder and other servicing with and certain underlying investors.

iCapital Advisors, LLC is an investment adviser registered with the SEC, and is wholly owned by Institutional Capital Network, Inc. iCapital Advisors provides investment advisory services to various private funds it sponsors for which AlphaCore provides its services. iCapital also provides advisory and distribution services to one registered closed end fund. iCapital Securities, LLC is a broker-dealer registered with the SEC and a member of FINRA. iCapital Securities, LLC will compensate AlphaCore with respect to certain shareholder services related to investors in the registered closed end fund. Please refer to *Item 14* for disclosure of conflicts of interest.

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

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### Code of Ethics Summary

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. AlphaCore has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. AlphaCore's Code of Ethics covers all individuals that are classified as "Supervised Persons" (i.e., any officers, partners, directors (or other persona occupying a similar status or performing similar functions), or employees, or any person who provides investment advice for AlphaCore). AlphaCore requires its Supervised Persons to consistently act in a client's best interest in all advisory activities. AlphaCore imposes certain requirements on its Supervised Persons to ensure that they meet AlphaCore's fiduciary responsibilities to our clients. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of AlphaCore. For a full copy of our Code of Ethics, please send us a written request to our main address or call us at 858-875-4100.

### Affiliate and Employee Personal Securities Transactions Disclosure

AlphaCore or Supervised Persons of AlphaCore may buy or sell for their personal accounts, investment products identical to those recommended to clients. This



creates a potential conflict of interest. It is the express policy of AlphaCore that all persons supervised in any manner with AlphaCore must place clients' interests ahead of their own when implementing personal investments. AlphaCore and its Supervised Persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with AlphaCore unless the information is also available to the investing public upon reasonable inquiry.

We believe we are, and will continue to be, in compliance with applicable state and federal rules and regulations. To mitigate potential conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons):

- Supervised persons cannot place their own interests ahead of any client.
- Supervised persons are subject to restrictions regarding transactions of certain securities transacted in client accounts.
- Supervised persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Supervised persons are discouraged from conducting frequent personal trading.
- Supervised persons are generally prohibited from serving as board members of publicly traded companies, unless approval has been granted by the Chief Compliance Officer of AlphaCore.
- Supervised persons must report their transactions and holdings in certain securities.

Any Supervised Person not observing our policies is subject to sanctions up to and including termination.

## **Item 12: Brokerage Practices**

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Clients are under no obligation to act on the financial planning recommendations of AlphaCore. When AlphaCore implements our investment advice, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible price and/or commission costs but that the qualitative execution is best. AlphaCore may execute trades directly with the client's custodian to avoid additional trading related expenses.



In other words, all conditions considered, the transaction execution is in a client's best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered. As discussed in *Item 5 – Fees and Compensation*, Clients may elect between paying per transaction, or based on account assets under management. AlphaCore will assist with an evaluation of account and asset characteristics to elect the most appropriate option. At any given time, a Client may incur more or less in transaction charges depending on the pricing selection, due to varying and fluctuating factors such as assets under management, minimum fees imposed, trading maximums, and trading frequency.

AlphaCore does not have a related company that is a broker-dealer.

#### Custodial Arrangements

**Fidelity Institutional Wealth Services** - AlphaCore does not maintain custody of your assets on which we advise, although we are deemed to have custody (See Item 15 - Custody below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or a bank. We may recommend that clients open accounts directly at Fidelity Institutional Wealth Services as a result of our participation in the Fidelity Institutional Wealth Services program. Fidelity Institutional Wealth Services, a division of Fidelity, Inc. is a registered broker-dealer, member FINRA/SIPC/NFA ("Fidelity") and will serve as the client's qualified custodian and maintain physical custody of all client funds and securities, along with effecting trades in clients' accounts held at Fidelity.

Fidelity provides AlphaCore with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, 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.

Fidelity's institutional services also provide access to products and services (as part institutional wealth services or paid for by AlphaCore) which assist AlphaCore in servicing its clients and their accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology which provides account access, portfolio management, accounting, back-office functions, recordkeeping and client reporting. Fidelity Institutional Wealth Services may also provide other services intended to help us manage and further develop our business, such as research, regulatory compliance, and other services. These products and services may present a conflict of interest in the event we recommend a specific custodian.

**Charles Schwab & Company, Inc.** - AlphaCore does not maintain custody of your assets on which we advise, although we are deemed to have custody (See *Item 15 – Custody* below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or a bank. AlphaCore also may recommend Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, Member SIPC, to clients to serve as qualified custodian of the client's' assets and to effect trades for their account(s). Although AlphaCore may recommend that a client establish accounts at Schwab, it is the client's decision to custody assets with Schwab. AlphaCore is independently owned and operated and not affiliated with Schwab. AlphaCore may recommend additional unaffiliated broker-dealers to affect fixed income transactions.

*General Custody Services* - Schwab provides AlphaCore with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained at Schwab Institutional. These services are not contingent upon AlphaCore committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab'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 significantly higher minimum initial investment.

For AlphaCore's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.



Schwab's products and services assist AlphaCore in managing and administering clients' accounts, and may include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of AlphaCore's fees from some of its accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help AlphaCore manage and further develop its business enterprise. These services may include: (i) educational conferences and events, (ii) technology, compliance, legal and business consulting; (iii) publications and conferences on practice management and business succession; and (iv) access to employee benefits providers, human capital consultants and insurance providers. Schwab may provide some of these services itself. In other cases, it will arrange for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel. These products and services may present a conflict of interest in the event we recommend a specific custodian.

*Schwab Advisor Network®* - As discussed in Item 5, AlphaCore may receive client referrals from Schwab through AlphaCore's participation in Schwab Advisor Network® ("the Service"). Please also refer to *Item 14* for the disclosure of potential conflicts of interest.

**Other Custodians** - AlphaCore may provide advisory services to clients that have selected other custodians for certain assets. AlphaCore has the ability and authority to place buy and sell orders with or through any broker-dealers it deems will provide the best overall services and execution at the time of the transaction. While as a fiduciary, AlphaCore endeavors to act in its clients' best interests, AlphaCore's recommendation that clients maintain their assets in accounts at any specific custodian may take into account availability of some of the foregoing products, services, or other arrangements and not solely on the cost or quality of custody and brokerage services provided by a custodian, which may create a conflict of interest with AlphaCore's recommendation of a custodian. Although AlphaCore may recommend that a client establish accounts with a particular custodian, and may have an incentive to recommend one, it is the client's decision where to custody their assets.

#### Client Directed Brokerage

AlphaCore does not currently permit directed brokerage arrangements.



## Block Trading Policy

Transactions for each Client will be effected independently, unless AlphaCore determines a transaction of the same security for several Clients at approximately the same time should be placed as a “bunched” transaction. AlphaCore provides advisory services for a number of clients, some of which may have similar investment objectives. When believed to be beneficial to all participating clients, AlphaCore will aggregate client’s transactions, which may include transactions for proprietary (firm or employee) accounts that have similar orders being made at the same time. Such client benefits may include better transaction prices and lower trade execution costs.

If all aggregate orders do not fill at the same price, transactions will generally be averaged as to price and allocated among participating accounts pro-rata to the purchase and sale orders placed for each participating account on any given day. When the full amount of an aggregated trade is not executed on the day of placement, the partial amount actually executed shall be allocated among the participating accounts on a pro rata basis.

## Trade Error Correction

If a trade error occurs in submitting a trade order on your behalf, AlphaCore will correct the event and may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain (such as a blocked trade), it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account, the custodian has been directed to donate the amount of any gain to charity. If a loss occurs, AlphaCore will pay for the loss. Please note certain custodians, including Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.



## Item 13: Review of Accounts

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### Account Reviews and Reviewers

Managed accounts are generally reviewed quarterly. While the calendar is the main triggering factor, reviews can also be conducted at a client's request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by one or more of our investment adviser representatives with reviews performed in accordance with a client's investment goals and objectives.

Institutional services typically have a contract which sets forth the terms and frequency of the contracted services but are typically at least quarterly dependent on the nature of the services being provided by AlphaCore.

### Statements and Reports

For our asset management services, clients are provided with transaction confirmation notices and regular quarterly account statements directly from their qualified custodian. Additionally, AlphaCore may provide written position or performance reports to clients periodically and upon request. Reporting may also include details of financial planning projections and updates.

Clients are encouraged to always compare any reports or statements provided by us, a sub-adviser or a third-party money manager against the account statements delivered from the qualified custodian or issuer. AlphaCore's reporting, nor access to any third-party system or sub-adviser's reporting, is not intended to replace the information contained in client's custodial brokerage statement and/or issuer statements (as applicable), which is the only accurate representation of the activity and valuations in your account(s). When clients have questions about their account statement, they should contact AlphaCore or the qualified custodian or issuer preparing the account statement.

## Item 14: Client Referrals and Other Compensation

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The only direct Client compensation received by AlphaCore are the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. But, AlphaCore does have certain arrangements that result in economic benefit to AlphaCore, as described below.



AlphaCore has agreements in place whereby AlphaCore is compensated to provide shareholder services to certain fund investors. Involved clients have received disclosure regarding this arrangement, the services provided and all associated compensation. This compensation presents conflicts of interest between AlphaCore and the investors it services under these agreements. For example, AlphaCore may make less revenue if AlphaCore recommends a redemption from a fund for which AlphaCore is compensated. AlphaCore intends to mitigate such conflicts of interest by: (i) placing its Client's investment needs above its own interests with regard to compensation; (ii) supervising AlphaCore advisory representatives to ensure that they understand and consider each Client's investment objectives (iii) evaluating and presenting information regarding its funds objectively. To the extent fund investors elect to enter into an asset management agreement with AlphaCore, AlphaCore may owe fees for the initial introduction of the Client to AlphaCore. These fees are paid by AlphaCore as a portion of collected advisory fees and do not affect the fees paid by the Client directly to AlphaCore.

Investment product sponsors or business relationships may underwrite a portion of costs incurred by AlphaCore for marketing such as client appreciation events, advertising, publishing, and seminar expenses. This creates a conflict of interest as there is an incentive for AlphaCore to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We manage this conflict by always basing investment decisions on the individual needs of our clients.

We may receive economic benefit from our custodian's in the form of support products and services they make available to us and other advisers that have client accounts with them, including client referrals as set forth below. These products and services, how they benefit us, and the related conflicts of interest are described above (See *Item 12 – Brokerage Practices*). The availability of these products and services is not based on AlphaCore providing particular investment advice, such as transactions in particular securities.

#### Client Referrals

AlphaCore has certain arrangements in place whereby AlphaCore compensates others for client referrals, as described below.

AlphaCore has entered into arrangements with third parties whom may refer potential clients to AlphaCore. All such agreements are in writing and comply with the requirements of Rule 206(4)-1 of the Advisers Act. When a prospective client is introduced to AlphaCore and then becomes a client, AlphaCore pays the referring party a fee from its advisory fees. While the specific terms of each arrangement may differ, generally, the compensation paid to the third party is



based upon the engagement and retention of new clients and is calculated using a varying percentage of the advisory fees paid by each Client. Such compensation does not increase the fees paid by the Client. Each prospective client who is referred to AlphaCore under such an arrangement will receive a copy of AlphaCore's Form ADV Part 2 and a separate written disclosure statement disclosing the nature of the relationship between the third-party referral party and AlphaCore, which will disclose the amount of compensation that will be paid by AlphaCore to the referral source.

### Schwab Advisor Network®

As discussed in *Item 5*, AlphaCore may receive client referrals from Schwab through AlphaCore's participation in Schwab Advisor Network® ("the Service"). Please note in addition to the fees paid by AlphaCore to Schwab for the Service, the relationship may result in certain conflicts of interest between AlphaCore and its clients:

- Due to its enrollment in the Service, AlphaCore may have an incentive to generally recommend the services of Schwab, versus other custodians, in an effort to influence Schwab's referral of clients;
- Due to higher fees that would be otherwise payable by AlphaCore, AlphaCore has an incentive to recommend referred clients utilize the custody services of Schwab;
- The fees payable by AlphaCore to Schwab will be based on assets in accounts of AlphaCore's clients who were referred by Schwab, and those referred clients' family members living in the same household. Thus, AlphaCore will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit AlphaCore's fees directly from the accounts;
- For accounts of AlphaCore's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody, but will receive compensation from AlphaCore's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. In the event that AlphaCore executes securities transactions with another broker-dealer, Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, AlphaCore may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. AlphaCore nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer



than trades for AlphaCore's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Please also refer to *Item 5* for disclosure of details on fees.

## **Item 15: Custody**

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Custody, as it applies to investment advisers, 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.

AlphaCore is deemed to have custody of client funds and securities whenever AlphaCore is given the authority to have fees deducted directly from client accounts. It is noted AlphaCore is typically given this authority to deduct fees from client accounts. When fees are deducted from an account, AlphaCore is responsible for calculating the asset management and/or sub-advisory fees and delivering instructions to the custodian. The authorization to trade in client accounts is not deemed by regulators to be custody.

AlphaCore may act on behalf of a Client, pursuant to a standing letter of instruction or other similar asset transfer authorization arrangement established by a Client with their custodian, to transfer Client assets to one or more third parties upon the request of a Client. AlphaCore is deemed to have custody of such assets in order to facilitate these directives for our clients. It is noted the SEC set forth seven conditions whereby, if met by, the SEC would not recommend enforcement action against an adviser under Section 206(4) of, and Rule 206(4)2 under, the Advisers Act if that adviser does not obtain a surprise examination (as would otherwise be required for any adviser having custody of client assets). AlphaCore has established processes whereby we have a belief AlphaCore and client's custodians are complying with such conditions and report such assets in Item 9 of AlphaCore's Form ADV Part 1 as required. Therefore, AlphaCore does not engage a third-party examiner to conduct an annual surprise examination.

For accounts in which AlphaCore is 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. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are 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 any reports received from AlphaCore. When clients have questions about their account statements, they should contact AlphaCore or the qualified custodian preparing the statement.

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

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When providing asset management services, AlphaCore maintains trading authorization over a client's account, and generally provides 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 a client's account without obtaining client consent for each transaction.

If a client decides to grant trading authorization on a non-discretionary basis, we will be required to contact the client prior to implementing changes in their account. Therefore, clients 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 a client's account is managed on a non-discretionary basis, the client should understand that if we are not able to obtain approval or the approval is delayed, it can have an adverse impact on the timing of trade implementations, and we may not achieve the optimal trading price.

Clients will have the ability to place reasonable restrictions on the types of investments that may be purchased in their accounts. Clients also may place reasonable limitations on the discretionary power granted to AlphaCore so long as the limitations are specifically set forth or included as an attachment to the client agreement.



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

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Subject to specific exceptions whereby AlphaCore will contractually accept such responsibility, AlphaCore has a general policy of not voting proxies on behalf of Clients for any securities held in a Client's managed account. However, AlphaCore has adopted certain policies in the event a situation presents itself whereby the Adviser must execute this responsibility. For a copy of AlphaCore's Proxy Voting Policy, please call the main number on the cover page of this Disclosure Brochure. If the Client engages a Sub-Adviser, the Sub-Adviser may elect to vote proxies on behalf of its clients, as such policies will be set forth in the Sub-Adviser's Form ADV Part 2A.

Clients should expect to receive proxy solicitations directly from issuers or service providers engaged on behalf of an issuer, typically through the mail and/or phone solicitation. Therefore, clients are instructed to read through the information provided with proxy-voting documents and make a determination based on the information provided. If requested, we may provide limited clarifications of the issues presented in the proxy voting materials based on our understanding of issues presented in the proxy-voting materials. However, clients will have the ultimate responsibility for making all proxy-voting decisions. Clients will usually receive proxies and proxy related documents directly from their custodian. However, should AlphaCore inadvertently receive a proxy on a client's behalf, we will promptly forward to the client for voting.

AlphaCore will not be deemed to have proxy-voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

## **Item 18: Financial Information**

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AlphaCore does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year.

We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, AlphaCore has not been the subject of a bankruptcy petition at any time.