



# Alder Cove Capital, LLC

## **Alder Cove Capital, LLC** **Firm Brochure - Form ADV Part 2A**

This brochure provides information about the qualifications and business practices of Alder Cove Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 206-290-0759 or by email at: [info@aldercovecapital.com](mailto:info@aldercovecapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Alder Cove Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Alder Cove Capital, LLC's CRD number is: 170147.

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*Registration does not imply a certain level of skill or training.*

*Version Date: June 14, 2021*

## **Item 2: Material Changes**

Since the previous annual filing of this brochure, the following material changes have been made:

- Items 4 and 5 have been updated to clarify that Portfolio Management is available as a standalone service.
- Item 5 has been updated to disclose ACC's hourly service offering.
- Item 5 has been updated to disclose that held-away assets are not included when calculating our fees based on assets under management.
- Ongoing Comprehensive Financial Planning is offered in conjunction with our Portfolio Management Services and is not offered on a standalone basis. Ongoing Comprehensive Financial Planning is offered to Portfolio Management Clients with at least \$300,000 in assets under management with ACC (at no additional cost). Portfolio Management Clients with less than \$300,000 in assets under management with ACC may elect to engage ACC for a One-Time Financial Planning Engagement. Items 4 and 5 have been updated with detailed information.

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## **Item 4: Advisory Business**

### Business Description

Alder Cove Capital, LLC is a registered investment adviser firm. The firm provides investment advisory and financial planning services to individuals and high-net-worth individuals concerning various securities, including mutual funds, fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors) and treasury inflation protected/inflation linked bonds. As a registered investment advisor, the firm is held to the highest standard of client care – a fiduciary standard. As a fiduciary, the firm will put the client’s interests first and must fully disclose any potential conflict of interest. The firm does not directly hold customer funds or securities and all transactions are sent to qualified custodians which execute, compare, allocate, clear and settle them. These custodians also maintain clients’ accounts and grant clients access to them. The firm accepts and enters trades on both a discretionary and non-discretionary basis.

In order to protect the interests of plan participants and beneficiaries, IRA owners, and plan fiduciaries, Alder Cove Capital, LLC explicitly acknowledges fiduciary status for itself and its advisors. Alder Cove Capital, LLC and its advisors adhere to basic standards of impartial conduct. In particular, under this standards-based approach, Alder Cove Capital, LLC and its advisors give prudent advice that is in the customer’s best interest, avoid misleading statements, and receive no more than reasonable compensation.

### A - Description of the Advisory Firm

Alder Cove Capital, LLC (hereinafter “ACC”) is a limited liability company organized in the State of Washington. The firm was formed in February 2014 and registered as an investment advisor at that time. The principal owner is Tyler Linsten.

### B - Types of Advisory Services

ACC seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of ACC’s economic, investment or other financial interests. To meet its fiduciary obligations, ACC attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, ACC’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is ACC’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

### Portfolio Management Services

ACC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. ACC creates an Investment Policy Statement for each client, which outlines the client's current situation (goals, time horizon, tax considerations, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific circumstances. Portfolio management services include the following:

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

ACC evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. ACC typically requests discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

ACC participates in the institutional program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment firms, like ACC, services which include custody of securities, trade execution, clearance and settlement of transactions. ACC receives some benefits from TD Ameritrade through its participation in the Program but no direct compensation.

ACC also works with Betterment for Advisors (formerly known as "Betterment Institutional"), and broker/dealer MTG, LLC d/b/a Betterment Securities, as one of our preferred qualified custodians to provide certain clients with services including portfolio management and rebalancing, tax-loss harvesting, trade execution, portfolio monitoring, account creation, billing, and account aggregation. We do not charge an extra fee for these services but Betterment for Advisors, as a sub-advisor to client accounts, does require clients to pay for access to their services. More detail on Betterment for Advisors' fees can be found in Item 5 of this brochure. Clients utilizing Betterment for Advisors will be required to view and agree to terms with Betterment for Advisors before opening an account under their custody.

### Portfolio Management Services + Ongoing Comprehensive Financial Planning

In addition to the Portfolio Management Services described above, this combined service involves working one-on-one with ACC over an extended period of time, typically at least twelve months, to develop, implement and adjust a financial plan, beyond the scope of just managing portfolio assets. The client is not obligated to work with ACC for a specific period of time. Once the financial plan has been delivered, ACC will monitor the plan, meet with the client to discuss areas of focus throughout the year as needed, and will recommend appropriate changes to ensure the plan stays up to date.

Upon the start of building a comprehensive plan, a client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis, if applicable: net worth, cash flow, credit scores/reports, employee benefits, retirement planning, insurance, investments, college planning, tax planning and estate planning. Once the client's information is reviewed, their plan will be built and analyzed, and

then the findings, analysis and potential changes to their current situation will be reviewed with the client via a list of simple action items. Clients subscribing to this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives. In addition, we will meet with the client at their convenience throughout the year to discuss progress or concerns in these areas of focus that are most relevant to them. The plan and the client's financial situation and goals will be monitored throughout the year and follow-up communications will be made to the client to confirm that any agreed upon action steps have been carried out. On at least an annual basis, there will be a full review of this plan to include a reflection on what was accomplished, what needs to be changed, and re-establishing goals for the next year.

Ongoing Comprehensive Financial Planning is offered in conjunction with Portfolio Management Services and is not offered on a standalone basis.

Ongoing Comprehensive Financial Planning is offered to Portfolio Management Clients with at least \$300,000 in assets under management with ACC (at no additional cost). Portfolio Management clients with less than \$300,000 in assets under management with ACC may elect to engage ACC for a One-Time Financial Planning Engagement or Hourly Engagement, as described below, for their financial planning needs. In certain circumstances the \$300,000 account level may be negotiable.

### One-Time Financial Planning Engagements

ACC also offers financial planning engagements as an option for individuals who do not wish to have an ongoing relationship, or who seek advice on a small number of topics. This service generally offers clients the same benefits described above in "Portfolio Management Services + Ongoing Comprehensive Financial Planning" but without ACC effecting transactions on behalf of the client and without regular portfolio monitoring of client assets. This service is generally intended to offer clients a financial assessment with accompanying asset allocation recommendations, which may include the use of goals-based or cash-flow-based financial plans, for a one-time, flat fee. The details and deliverables of financial planning services, which will be different for every client utilizing this service, will be outlined in a financial planning engagement letter and/or investment advisory contract. In certain cases, one-time financial planning clients may opt to focus on a narrow scope of objectives in our engagement.

### Hourly Engagements

ACC offers hourly consultation services on various topics of a client's choosing. Clients utilizing this service will not receive any written or electronic reports, except for a basic email summary after each hour-long consultation. Hourly engagements give clients a chance to ask questions about investing and financial planning, and get answers on the spot. Clients may choose to schedule a series of hourly engagements across various periods of time. Hourly engagements are not intended to replace a comprehensive financial plan, but instead provide general advice and guidance at the top of mind for clients.

### Services Limited to Specific Types of Investments

ACC generally limits its investment advice to mutual funds, fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors) and treasury inflation protected/inflation

linked bonds, although ACC may use or recommend other securities to help diversify a portfolio when applicable. Clients utilizing Betterment for Advisors are currently limited to a mix of Betterment's preferred ETFs.

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

ACC will tailor a program for each individual client. This will include an interview session or a questionnaire to get to know the client's specific needs and requirements as well as developing a plan to be executed either by ACC on behalf of the client or by the client with direction and instruction from ACC. ACC may use "model portfolios," or a combination of Betterment's preferred ETFs if applicable, together with a specific set of recommendations for each client based on their personal restrictions, needs, and goals. A majority of client portfolios are constructed using common investment vehicles and holdings, but each investment is generally sized and tailored appropriately for each client's individual situation. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent ACC from properly servicing the client account, or if the restrictions would require ACC to deviate from its standard suite of services, ACC reserves the right to end the relationship.

Beyond risk tolerance, ACC also considers a client's financial goals, time horizon, liquidity constraints, need for current income, tax implications, charitable giving or planned endowment, as well as any moral or political considerations when tailoring a portfolio. An investment policy statement (IPS) - which outlines and dictates what, how and when investments will be made - will detail each client's tailored plan. If applicable, a list of specific recommendations will be provided to clients as an attempt to make implementation easier.

### D - Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. ACC does not participate in any wrap fee programs. If we recommend a client custody assets with Betterment for Advisors, then an annual platform fee is levied on client accounts by Betterment in accordance with the client's agreement with Betterment for Advisors. ACC receives none of this fee and Betterment's platform fee does not include fund expenses.

### E - Assets Under Management

Defined as client assets under custody at our preferred custodians, ACC has the following assets under management:

Discretionary Amounts: \$6,590,658

Non-discretionary Amounts: \$0

Date Calculated: 12/31/2020

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

### **A - Fee Schedule**

Portfolio Management Clients with at least \$300,000 in assets under management with ACC may elect to engage ACC for Ongoing Comprehensive Financial Planning at no additional cost. Portfolio Management Clients with less than \$300,000 in assets under management with ACC may elect to engage ACC for a One-Time Financial Planning Engagement.

Asset-Based Fees for Portfolio Management Services:

Account Value	Annual Rate
<i>All</i>	0.50%

Portfolio Management Services fees are negotiable in certain circumstances.

The final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of ACC's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients or ACC may terminate the Investment Advisory Contract generally with 15 days' written notice.

ACC uses a simple average of the ending quarterly balances in the client's account(s) at the end of the current billing period and the value at the end of the previous billing period. Billing periods end in the months of March, June, September and December each year.

The value of held-away assets will not be included in the client's account value used to calculate fees based on assets under management.

Clients utilizing Betterment for Advisors' services agree to Betterment's annual platform fee for Betterment's services. ACC receives no direct monetary benefit from Betterment for Advisors. We are strictly committed to only receiving revenue from client fees.

### **Flat Fee for One-Time Financial Planning Engagements**

ACC charges a single fee -- quoted, disclosed and paid for in advance -- for our financial planning service, generally topping out at \$10,000. It is up to the client to decide how often, if at all, they will agree to engage and compensate ACC for an updated financial planning engagement. Any updates will be subject to the signing of a new financial planning engagement letter just as if it were the first meeting.

### **Hourly Engagements**

Hourly engagements are offered at a rate of \$250 per hour. The fee may be negotiable in certain cases and is due in advance of the engagement. In the event of early termination by the Client,



any fees for the hours already worked will be due. The estimated fee will always be reviewed and agreed to by the client at the start of the engagement at the signing of the agreement. In the event significant additional time, beyond the initial estimate, is required to complete a project, ACC will obtain the client's consent for additional time and fees throughout the engagement.

## B - Payment of Fees

In all instances, the Advisor will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and, if applicable, the amount of assets under management on which the fee was based and the name of the custodian(s) on your fee invoice. The Advisor will send these to the client concurrent with the request for payment or payment of the Advisor's advisory fees. We urge the client to compare this information with the fees listed in the account statement.

### Payment of Asset-Based Portfolio Management Fees

ACC's asset-based portfolio management fees are either (1) withdrawn directly from the client's account(s) with client's written authorization or (2) by automatic billing through a payment processor or (3) payable by check. ACC will work with clients to select the method in which they pay for advisory fees and all clients will receive billing invoices from ACC before a fee is withdrawn. Fees are paid quarterly in arrears.

Clients will pay a prorated fee for the partial quarter in which the advisory relationship is commenced and/or terminated. The prorated fee will first be calculated like a full quarter – the average of the beginning and end account balance(s), and then multiplied by the daily rate\* according to the number of days during the partial quarter. (\*The daily rate is the number of days advised during the partial quarter, divided by the total number of days in that quarter)

Fees based on assets under management will be charged quarterly as follows:

<u>Equation</u>	<u>Explanation</u>
$(\text{Current billing period end assets} + \text{previous billing period end assets}) / 2$	Average assets over the billing period
$\times 0.50\%$	Multiplied by the asset-based annual fee
$\times \frac{1}{4}$	Divide by 4 to equate a quarterly fee
= Quarterly fee	

Clients utilizing Betterment for Advisors' services pay Betterment's annual platform fee on a quarterly basis, based on the average daily balance in the accounts held with Betterment.

In certain cases, ACC may opt to use Betterment for Advisors' billing service to charge clients our 0.50% annual fee via a direct debit from client accounts. In such instances, our same billing

structure remains in place -- an annual fee broken up quarterly -- but it will be based on the average daily balance instead of the quarter-end values. We don't expect this difference will have a material impact on the level of fees a client pays but this method may provide simplicity and convenience for both advisor and client.

### Payment of One-Time Financial Planning Engagement Fees

Financial planning fees are due before ACC furnishes its assessment and recommendations to clients. Fees are payable by personal check or via electronic transfer through digital payment processors. We aim to accommodate clients' preferred method of payment for financial planning engagement fees. Within seven calendar days of delivery of services, ACC will refund financial planning fees should a client with an account greater than \$300,000 instead opt for our portfolio management services.

### Payment of Hourly Fees

Fees for hourly services are due in advance of the engagement and may be paid by electronic funds transfer or check. The estimated fee will always be reviewed and agreed to by the client at the start of the engagement at the signing of the agreement.

### C - Client Responsibility For Third Party Fees

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

### D - Prepayment of Fees

- ACC collects Portfolio Management fees in arrears.
- One-Time Financial Planning Engagement fees are due before ACC's assessment and recommendations are furnished to clients, but after an initial discussion with clients.

### E - Outside Compensation For the Sale of Securities to Clients

Neither ACC nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

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

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

ACC generally provides advisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals

Minimum Account Size:

Portfolio Management Combined + Ongoing Comprehensive Financial Planning generally requires a minimum \$300,000 client account value.

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

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

Methods of Analysis

**Methods of analysis by ACC are always a supplement to the following three tenets: ACC seeks at all times to minimize fees, promote diversification and remain focused on long-term thinking and investing. Further, simplicity is a guiding principle on which all recommendations are built upon.**

ACC's methods of analysis may include fundamental analysis, charting analysis, technical analysis, cyclical analysis, quantitative analysis and modern portfolio theory.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Charting analysis involves the use of patterns in performance charts. ACC uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

Investment Strategies

**Investment strategies by ACC are always a supplement to the following three tenets: ACC seeks at all times to minimize fees, promote diversification and remain focused on long-term thinking and investing. Further, simplicity is a guiding principle on which most recommendations are built upon.**

While a substantial majority of investments will be made on a long term basis consisting of purchasing equity or fixed income securities, from time to time other strategies may be employed if opportunities are present and prudent or a client specifically requests them. These include, but are not limited to: Short term trading (securities are sold within 30 days), short sales, margin transactions, or option transactions.

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

## B - Material Risks Involved

### Methods of Analysis

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Quantitative Model Risk: Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

Modern Portfolio Theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

## Investment Strategies

ACC's infrequent, but potential, use of short sales, margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short sales entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

Margin transactions use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

Options transactions involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

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

### C - Risks of Specific Securities Utilized

Albeit infrequent, ACC's use of short sales, margin transactions and options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned below).

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

Options are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

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

## **Item 9: Disciplinary Information**

### **A - Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B - Administrative Proceedings**

There are no administrative proceedings to report.

### **C - Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

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

Neither ACC, nor its representatives, are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

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

Neither ACC, nor its representatives, are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

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

ACC may recommend clients utilize Betterment for Advisors, a registered investment advisor, and Betterment Securities, a broker/dealer. This recommendation could be seen as a conflict of interest because Betterment for Advisors offers us free services that help us open and manage client accounts. We don't believe this potential conflict to be material.

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

ACC recommends certain clients custody their assets with Betterment for Advisors, also a registered investment advisor. We receive no monetary compensation for such action, nor do we believe this creates a material conflict of interest.

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

### **A - Code of Ethics**

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

### **B - Recommendations Involving Material Financial Interests**

ACC does not recommend that clients buy or sell any security in which a related person to ACC or ACC has a material financial interest.

### C - Investing Personal Money in the Same Securities as Clients

From time to time, representatives of ACC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of ACC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. ACC will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### D - Trading Securities At/Around the Same Time as Clients' Securities

Please see Item 11.C above.

## **Item 12: Brokerage Practices**

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

Custodians/broker-dealers will be recommended in part based on ACC's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and ACC may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in ACC's research efforts. ACC will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

ACC does not maintain custody of your assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We typically recommend that our clients use either TD Ameritrade or MTG, LLC dba Betterment Securities ("Betterment Securities"), registered broker/dealers, members SIPC, as qualified custodians. ACC is independently owned and operated and are not affiliated with TD Ameritrade or Betterment Securities. TD Ameritrade and Betterment Securities will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we recommend that you use TD Ameritrade and Betterment Securities as custodians/brokers, you will decide whether to do so and will open your account with TD Ameritrade or Betterment Securities by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with TD Ameritrade or Betterment Securities, then we cannot manage your account directly.



## How We Select Brokers/Custodians

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Capability to execute, clear, and settle trades (buy and sell securities for your account) itself or to facilitate such services
- Capability to facilitate timely transfers and payments to and from accounts
- Availability of investment research and tools that assist us in making investment decisions. Quality of services
- Competitiveness of the price of those services and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients

## Your Brokerage and Custody Costs

For our clients' accounts that Betterment Securities maintains, Betterment Securities generally does not charge you separately for custody services, but is compensated as part of the Betterment for Advisors (defined below) platform fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. We have determined that having Betterment Securities execute trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians").

## Services Available to Us via TD Ameritrade

As disclosed above, ACC participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between ACC's participation in the program and the investment advice it gives to its clients, although ACC receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving ACC 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to ACC by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by ACC's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit ACC but may not benefit its client accounts. These products or services may assist ACC in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help ACC manage and further develop its business enterprise. The benefits received by ACC or its personnel through participation in the

program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, ACC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by ACC or its related persons in and of itself creates a potential conflict of interest and may indirectly influence ACC's choice of TD Ameritrade for custody and brokerage services.

## Services Available to Us via Betterment for Advisors

Betterment Securities serves as broker/dealer to Betterment for Advisors, an investment and advice platform serving independent investment advisory firms like us. Betterment for Advisors also makes available various support services which may not be available to Betterment's retail customers. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Betterment for Advisors' support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Betterment for Advisors' support services:

1. **SERVICES THAT BENEFIT YOU.** Betterment for Advisors includes access to a range of investment products, execution of securities transactions, and custody of client assets through Betterment Securities. Betterment Securities' services described in this paragraph generally benefit you and your account.
2. **SERVICES THAT MAY NOT DIRECTLY BENEFIT YOU.** Betterment for Advisors also makes available to us other products and services that benefit us, but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts, such as software and technology that may:
  - Assist with back-office functions, recordkeeping, and client reporting of our clients' accounts.
  - Provide access to client account data (such as duplicate trade confirmations and account statements).
  - Provide pricing and other market data.
  - Assist with back-office functions, recordkeeping, and client reporting.
3. **SERVICES THAT GENERALLY BENEFIT ONLY US.** By using Betterment for Advisors, we will be offered other services intended to help us manage and further develop our business enterprise. These services may include:
  - Educational conferences and events.
  - Consulting on technology, compliance, legal, and business needs.
  - Publications and conferences on practice management and business succession.

## Our Interest In Betterment Securities' and TD Ameritrade's Services

The availability of the services from Betterment for Advisors and TD Ameritrade benefits us because we do not have to produce or purchase them. In addition, we don't have to pay for Betterment Securities' or TD Ameritrade's services. These services may be contingent upon us committing a certain amount of business to Betterment Securities or TD Ameritrade in assets in custody. We may have an incentive to recommend that you maintain your account with Betterment Securities or TD Ameritrade, based on our interest in receiving Betterment Securities' or TD Ameritrade's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your

transactions. This is a potential conflict of interest. We believe, however, that our selection of Betterment Securities and TD Ameritrade as custodians and brokers is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities' and TD Ameritrade's services (see "How we select brokers/custodians") and not Betterment for Advisors / Betterment Securities' and TD Ameritrade's services that benefit only us.

#### B - Research and Other Soft-Dollar Benefits

While ACC has no formal soft dollars program in which soft dollars are used to pay for third party services, ACC may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). ACC may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and ACC does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. ACC benefits by not having to produce or pay for the research, products or services, and ACC will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that ACC's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### C - Brokerage for Client Referrals

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

#### D - Clients Directing Which Broker/Dealer/Custodian to Use

ACC may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client may be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to ACC to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the client may be unable to participate in block trades (unless ACC is able to engage in "step outs"); and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisors allow their clients to direct brokerage.

#### E - Aggregating (Block) Trading for Multiple Client Accounts

If ACC buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such a case, ACC would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. ACC would determine the appropriate number of shares and select the appropriate brokers

consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

### **Item 13: Reviews of Accounts**

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

All client portfolio management accounts are reviewed at least quarterly only by Tyler Linsten with regard to clients' respective investment policies and risk tolerance levels. All accounts at ACC are assigned to this reviewer.

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

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

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

Each client will receive a quarterly (if not monthly) report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. ACC will also provide at least quarterly a separate written statement to clients.

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

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

We receive a non-economic benefit from Betterment for Advisors / Betterment Securities and TD Ameritrade in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment Securities and TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of Betterment for Advisors / Betterment Securities' and TD Ameritrade's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

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

ACC does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, ACC will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

ACC provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, ACC generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, ACC's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to ACC).

## **Item 17: Voting Client Securities (Proxy Voting)**

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

## **Item 18: Financial Information**

### **A - Balance Sheet**

ACC neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

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

Neither ACC nor its management has any financial condition that is likely to reasonably impair ACC's ability to meet contractual commitments to clients.

### **C - Bankruptcy Petitions in Previous Ten Years**

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

## **Item 19: Requirements For State Registered Advisors**

### **A - Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

ACC currently has only one management person/executive officer: Tyler Linsten. Education and business background can be found on the Form ADV Part 2B brochure supplement for such individual, located on page 23 of this document.

### **B - Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C - How Performance-based Fees are Calculated and Degree of Risk to Clients**

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

### **D - Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

### **E - Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

No material relationships exist between management persons and issuers of securities. Also see Item 10.C and 11.B.

**Alder Cove Capital, LLC**  
Form ADV Part 2B – Individual Disclosure Brochure

*for*

**Tyler Edward Linsten, CFA**

Personal CRD Number: 5497457  
Investment Adviser Representative

This brochure supplement provides information about Tyler Edward Linsten that supplements the Alder Cove Capital, LLC brochure. You should have received a copy of that brochure. Please contact Tyler Linsten if you did not receive Alder Cove Capital, LLC's brochure or if you have any questions about the contents of this supplement. Additional information about Tyler Edward Linsten is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Alder Cove Capital, LLC  
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June 14, 2021

## Item 2: Educational Background and Business Experience

**Name:** Tyler Edward Linsten      **Born:** 1986

### Educational Background and Professional Designations:

-- Mr. Linsten has earned the right to use the Chartered Financial Analyst® (CFA®) credential.

The CFA credential is the badge of distinction in the investment management profession. It represents a deep knowledge of all things investing, a commitment to ethics, and a passion for always putting investors first.

More than 135,000 charterholders work in the most prominent firms around the world. Throughout the global investment management profession, CFA charterholders are recognized for their unwavering integrity, and by earning the CFA charter, they make a serious commitment to uphold the highest standards of professional conduct.

Earning the CFA credential requires diligence, tenacity and a significant commitment of time and energy. Mr. Linsten passed all three levels of the CFA exam, each being a six-hour test, while completing the necessary work experience to earn the CFA credential. Continued use of the charter requires an annual affirmation of the commitment to put investors first by adhering to a high standard of ethical conduct.

-- Bachelor of Arts in Business Administration - Finance, University of Washington, Tacoma - 2009.

### Business Background:

09/2019 - Present	Board Member - Waterfront Federal Credit Union
02/2014 - Present	Founder, Investment Adviser Rep. -- Alder Cove Capital, LLC
04/2007 - Present	Longshoreman -- Pacific Maritime Association
07/2018 - 08/2020	Supervisory Committee Member - Waterfront Federal Credit Union
03/2009 - 06/2009	Reconstitution Intern -- Russell Investments
03/2008 - 03/2009	Stockbroker Intern -- Scottrade

## Item 3: Disciplinary Information

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

## Item 4: Other Business Activities

Mr. Linsten has been a board member at Waterfront Federal Credit Union, in Seattle, WA, since August 2019. The position is volunteer and less than five hours per month are devoted during trading hours. The position is investment-related.

Mr. Linsten has been employed in a non-investment-related position as a longshoreman at the Port of Seattle, since April 2007. His only compensation granted is hourly wages at approx. 40 hours per month during trading hours. The position is not investment-related.



## **Item 5: Additional Compensation**

Other than revenue from client fees, Tyler Edward Linsten does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through Alder Cove Capital, LLC.

## **Item 6: Supervision**

As the only owner and representative of Alder Cove Capital, LLC, Tyler Linsten supervises all activities of the firm. Tyler Edward Linsten's response information is on the cover page of this disclosure document.

## **PRIVACY POLICY**

Investment advisers are required by law to inform their clients of their policies regarding privacy of client information. We are bound by professional standards of confidentiality that are even more stringent than those required by law. Federal law gives clients the right to limit some but not all sharing of personal information. It also requires us to tell you how we collect, share, and protect your personal information.

### **TYPES OF NONPUBLIC PERSONAL INFORMATION (NPI) WE COLLECT**

We collect nonpublic personal information about you that is either provided to us by you or obtained by us with your authorization. This can include but is not limited to your Social Security Number, Date of Birth, Banking Information, Financial Account Numbers and/or Balances, Sources of Income, and Credit Card Numbers or Information. When you are no longer our client, we may continue to share your information only as described in this notice.

### **PARTIES TO WHOM WE DISCLOSE INFORMATION**

All Investment Advisers may need to share personal information to run their everyday business. In the section below, we list the reasons that we may share your personal information:

- For everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, coordinate with our preferred technology vendors or report to credit bureaus;
- For our marketing – to offer our products and services to you;
- For our affiliates' everyday business purposes – information about your transactions and experiences

If you are a new client we may begin sharing your information on the day you sign our agreement. When you are no longer our client, we may continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing. At this time, we have no plans to develop agreements with affiliates or non-affiliates to share information for any marketing purposes, including joint marketing.

### **PROTECTING CURRENT & FORMER CONFIDENTIAL CLIENT INFORMATION**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law, including computer safeguards and secured files and building.

### **FEDERAL LAW GIVES YOU THE RIGHT TO LIMIT SHARING – OPTING OUT**

Federal law allows you the right to limit the sharing of your NPI by “opting-out” of the following: Sharing for affiliates' everyday business purposes – information about your creditworthiness; sharing with affiliates who use your information to market to you; or sharing with non-affiliates to market to you. State laws and individual companies may give you additional rights to limit sharing. Please notify us immediately if you choose to opt out of these types of sharing.

DEFINITIONS: Affiliates – companies related by common ownership or control. They can be financial and non-financial companies; Non-affiliates – companies not related by common ownership or control. They can be financial and non-financial companies; Joint marketing – a formal agreement between non-affiliated financial companies that together market financial products or services to you.

**Please call if you have any questions. Your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us.**