

# Alpha Omega Wealth Management, LLC

SEC File Number: 801 –70136

## **ADV Part 2A, Firm Brochure** **Dated: February 28, 2022**

Contact: LeAnn Mitchell, Chief Compliance Officer  
7202 Glen Forest Drive, Suite 300  
Richmond, Virginia 23226  
[www.aowealth.com](http://www.aowealth.com)

**This Brochure provides information about the qualifications and business practices of Alpha Omega Wealth Management, LLC (“Alpha Omega”). If you have any questions about the contents of this Brochure, please contact us at (804) 955-1600 or [leann@aowealth.com](mailto:leann@aowealth.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 Alpha Omega Wealth Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Alpha Omega Wealth Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since its last Annual Amendment filing made on March 30, 2021, Alpha Omega has not made any material changes to this Brochure.

## **Item 3           Table of Contents**

|         |  |    |
|---------|--|----|
| Item 1  | Cover Page.....  | 1  |
| Item 2  | Material Changes.....  | 2  |
| Item 3  | Table of Contents.....   | 2  |
| Item 4  | Advisory Business .....  | 3  |
| Item 5  | Fees and Compensation .....  | 8  |
| Item 6  | Performance-Based Fees and Side-by-Side Management .....                                   | 10 |
| Item 7  | Types of Clients.....  | 10 |
| Item 8  | Methods of Analysis, Investment Strategies and Risk of Loss.....                           | 10 |
| Item 9  | Disciplinary Information .....   | 15 |
| Item 10 | Other Financial Industry Activities and Affiliations .....                                 | 15 |
| Item 11 | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... | 15 |
| Item 12 | Brokerage Practices .....  | 16 |
| Item 13 | Review of Accounts.....  | 20 |
| Item 14 | Client Referrals and Other Compensation .....  | 21 |
| Item 15 | Custody.....   | 21 |
| Item 16 | Investment Discretion.....   | 22 |
| Item 17 | Voting Client Securities.....  | 22 |
| Item 18 | Financial Information .....  | 23 |

## **Item 4            Advisory Business**

A. Alpha Omega is a limited liability company formed on February 27, 2009 in the state of Delaware (subsequent to which it converted to limited liability company under laws of the Commonwealth of Virginia). Alpha Omega became registered as an Investment Adviser Firm in April 2009. Alpha Omega is principally owned by Clay Hilbert and Everett Reveley, and Clay Hilbert is the firm's Managing Partner.

B.

### **INVESTMENT ADVISORY SERVICES**

Alpha Omega provides discretionary and/or non-discretionary investment advisory services on a *fee-only* basis. Alpha Omega's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under Alpha Omega's management.

Before engaging Alpha Omega to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Alpha Omega setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, Alpha Omega will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, Alpha Omega provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

### **FINANCIAL PLANNING AND CONSULTING SERVICES**

Alpha Omega may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) in conjunction with its investment advisory services or on a stand-alone separate fee basis. Prior to engaging Alpha Omega to provide planning or consulting services on a stand-alone basis, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Alpha Omega setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Alpha Omega commencing services.

### **FAMILY OFFICE SERVICES**

Some families have complex financial situations that require specialized service. Alpha Omega views the investment advisory process as an integral part of the financial foundation for a family's lifestyle and legacy. Proper planning is the blueprint that allows clients to achieve their goals. Alpha Omega takes pride in being the family wealth guardian, trusted counselor and investment specialist. By working closely with family members, Alpha Omega begins by evaluating the unique needs of each client. When developing the investment strategy, Alpha Omega takes into account all objectives, constraints and risk tolerances that shape life's priorities. Alpha Omega's goal is to provide substantial value to its clients' lives in specific areas. Sound, comprehensive planning and investment management is at the core of Alpha Omega's services.

### Financial Planning

Alpha Omega works closely with clients to identify their financial goals, understand their financial situation and create a financial plan tailored specifically to them. Alpha Omega coordinates with other professionals to help clients implement investment, tax and estate strategies. Alpha Omega updates the client's plan as the client's life and the financial landscape evolves.

### Investment Strategy and Implementation

Alpha Omega implements an investment plan that is aligned with the client's goals. Alpha Omega carefully selects and actively monitors client investments and delivers understandable reports that clearly display how investments are doing.

### Family Philanthropy

Alpha Omega can help clients develop and implement a philanthropic plan that uses clients' talents, interests and resources to make a positive and lasting impact on the community.

### Household Finance

Alpha Omega helps clients get organized. Alpha Omega can assume the administrative burdens of day-to-day household finance – like paying bills, coordinating insurance coverage and managing household information. Alpha Omega understands the big picture as well as the finer details of clients' financial lives.

### Family Education

Alpha Omega wants to help all members of a family attain a level of financial understanding that allows them to participate comfortably in planning for the future. Alpha Omega does this through individual consulting on routine matters as well as more substantial education for entire families. Alpha Omega can help clients structure, plan or facilitate family meetings.

## **RETIREMENT PLAN CONSULTING**

Alpha Omega also provides retirement plan consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, Alpha Omega may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between Alpha Omega and the plan sponsor.

## **MISCELLANEOUS**

**Limitations of Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Alpha Omega may provide financial planning and related consulting services. Neither Alpha Omega nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they

have agreed to do so in writing. Alpha Omega does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with Alpha Omega, if desired.

Alpha Omega may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance consulting, etc. Neither Alpha Omega, nor any of its representatives, serves as an attorney, accountant, or insurance agent and no portion of Alpha Omega's services should be construed as same.

To the extent requested by a client, Alpha Omega may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Alpha Omega.

If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional (i.e. attorney, accountant, insurance agent, etc.), and not Alpha Omega, shall be responsible for the quality and competency of the services provided.

Each client is advised that it remains the client's responsibility to promptly notify Alpha Omega if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing, evaluating or revising Alpha Omega's previous recommendations and/or services.

**Cash Positions.** Alpha Omega continues to treat cash as an asset class. As such, unless determined to the contrary by Alpha Omega, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating the advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Alpha Omega may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Registrant's advisory fee could exceed the interest paid by the client's money market fund.

**Non-Discretionary Service Limitations.** Clients that determine to engage Alpha Omega on a non-discretionary investment advisory basis must be willing to accept that Alpha Omega cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Therefore, in the event that Alpha Omega would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Alpha Omega will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Independent Managers.** Alpha Omega may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers, available through the Schwab separate account management platform, in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager(s)* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Alpha Omega shall continue to render

investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Alpha Omega shall consider in recommending *Independent Manager(s)* include the client's designated investment objective(s) and the Independent Manager's size, investment style/philosophy, process, management team, performance, and pricing. The investment management fee charged by the Independent Manager(s) is separate from, and in addition to, Alpha Omega's advisory fee as set forth in Item 5.

**Unaffiliated Private Investment Funds.** Alpha Omega may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Alpha Omega's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. Alpha Omega's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Risk Factors:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Fund Valuation:** If Alpha Omega bills an investment advisory fee based upon the value of private investment funds or otherwise references private investment funds owned by the client on any supplemental account reports prepared by Alpha Omega, the value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

**Socially Responsible Investing Limitations.** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Alpha Omega), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful.

**Retirement Rollovers – Potential for Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is

available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If Alpha Omega recommends that a client roll over their retirement plan assets into an account to be managed by Alpha Omega, such a recommendation creates a conflict of interest if Alpha Omega will earn new (or increase its current) compensation as a result of the rollover. If Alpha Omega provides a recommendation as to whether a client should engage in a rollover or not, Alpha Omega is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by Alpha Omega.

**Use of Mutual and Exchange Traded Funds.** Most mutual funds and exchange traded funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by Alpha Omega independent of engaging Alpha Omega as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Alpha Omega’s initial and ongoing investment advisory services.

In addition to Alpha Omega’s investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Cryptocurrency:** For clients who want exposure to cryptocurrencies, including Bitcoin, Alpha Omega, will advise the client to consider a potential investment in corresponding exchange traded securities, or an allocation to separate account managers and/or private funds that provide cryptocurrency exposure. Crypto is a digital currency that can be used to buy goods and services and uses an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated, and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, Alpha Omega will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a client must expressly authorize the purchase of the cryptocurrency investment. The Registrant does not recommend or advocate the purchase of, or investment in, cryptocurrencies. The Registrant considers such an investment to be speculative. Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for liquidity constraints, extreme price volatility and complete loss of principal.

**Portfolio Activity.** Alpha Omega has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, Alpha Omega will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, and/or a change in the client’s investment objectives. Based upon these factors, there may be extended periods of time when Alpha Omega determines that changes to a client’s portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Client Obligations.** In performing its services, Alpha Omega shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Alpha Omega if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Alpha Omega's previous recommendations and/or services.

**Disclosure Statement.** A copy of Alpha Omega's written Brochure and Client Relationship Summary, as set forth on Part 2A of Form ADV and Form CRS respectively, shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

- C. Alpha Omega shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Alpha Omega shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Alpha Omega's services.
- D. Alpha Omega does not participate in a wrap fee program.
- E. As of December 31, 2021, Alpha Omega had \$899,726,370 in assets under management on a discretionary basis and \$95,292,412 in assets under management on a non-discretionary basis for a total of \$995,018,782.

## **Item 5 Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

Alpha Omega's negotiable annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under Alpha Omega's management between negotiable and 1.50%.

However, fees shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees. Furthermore, the services to be provided by Alpha Omega to any particular client could be available from other advisers at lower fees, and certain clients may have fees which deviate from the range discussed above.

Before engaging Alpha Omega to provide investment advisory services, clients are required to enter into a discretionary or non-discretionary Investment Advisory Agreement, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided.

## **FINANCIAL PLANNING AND CONSULTING SERVICES FEES (STAND-ALONE)**

Alpha Omega may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Alpha Omega's planning and consulting fees are negotiable, but generally range from \$1,000 to \$10,000 on a fixed fee basis, and from \$150 to \$250 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

## **FAMILY OFFICE SERVICES**

Alpha Omega may provide specialized services to families who have complex financial situations that could involve multiple generations. The fee for these services is negotiated and could be included as part of the investment advisory fee as described above, or paid on a fixed fee stand-alone basis including a fixed dollar and/or fixed percentage, or paid on an hourly rate basis depending upon the level and scope and complexity of the service(s) required and the professional(s) rendering the service(s).

## **RETIREMENT PLAN CONSULTING**

Alpha Omega provides retirement plan consulting services. Alpha Omega's consulting fee shall be based upon a percentage (%) of the market value of the plan assets that Alpha Omega is consulting on, but will generally be between negotiable and 0.85%.

- B. Clients may elect to have Alpha Omega's advisory fees deducted from their custodial account. Both Alpha Omega's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Alpha Omega's investment advisory fee and to directly remit that management fee to Alpha Omega in compliance with regulatory procedures.

In the limited event that Alpha Omega bills the client directly, payment is due upon receipt of Alpha Omega's invoice.

Alpha Omega shall deduct fees and/or bill clients quarterly in advance, based upon the value of the assets, including accrued interest, on the last business day of the previous quarter.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Alpha Omega shall generally recommend that Charles Schwab & Co. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions. In addition to Alpha Omega's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (generally, *Schwab*).

- D. Alpha Omega does not generally require an annual minimum fee or asset level for investment advisory services.

Alpha Omega, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Alpha Omega and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Alpha Omega shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither Alpha Omega, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Alpha Omega nor any supervised person of Alpha Omega accepts performance-based fees.

## **Item 7 Types of Clients**

Alpha Omega's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations.

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

Alpha Omega uses several methods of investment analysis and investment strategies to provide services to our clients. Our methods of investment analysis include fundamental analysis which is the analysis of a company's financial statements, its management, competitive advantages, markets, etc. and technical analysis which is the analysis of a company by studying past market data such as price and volume. Our investment strategies include long-term purchases (securities generally held for at least a year) and short-term purchases (securities generally held for less than a year). The vast majority of our investment strategy is based on long-term purchases of securities and fundamental analysis. We may also engage in covered call option writing on a long security position to generate income or the purchase of put options to hedge a long security position.

The securities we use in our investment strategies and investment advice include equity securities such as exchange listed securities and foreign issues; debt securities of corporations and similar entities; commercial paper; certificates of deposit; municipal and government securities; investment company securities such as mutual fund shares and exchange traded funds; and options.

Investing in securities such as the types of securities used by us in managing your assets or providing you investment advice involves the potential risk of loss in the value of the securities both in the amount invested in the securities as well as any profits which have not been realized by selling the securities. You should be prepared to bear the risk of such losses.

The degree of risk varies depending on the type of security or strategy involved, and you should not assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Alpha Omega) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in these strategies.

While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease, and client account values could suffer a loss. It would not be possible to describe the specific risks of every type of investment. However, the following provides a short description of some of the risks associated with investing in the types of securities to which Alpha Omega allocates investment assets:

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

**Market Risk.** The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors) but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

**Unsystematic Risk.** Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

**Value Investment Risk.** Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

**Growth Investment Risk.** Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Commodity Risk. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Foreign Securities and Currencies Risk. Foreign securities prices may decline or fluctuate because of: (i) economic or political actions of foreign governments, and/or (ii) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

Interest Rate Risk. Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

Inflation Risk. When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

Reinvestment Risk. Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate), which primarily relates to fixed income securities.

Credit Risk. The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

Call Risk. During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

Regulatory Risk. Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

Equity Security Risk. Equity securities represent a share of an issuer's earnings and assets, after the issuer pays its liabilities. The income an account will receive from equity securities

cannot be predicted because issuers generally have discretion as to the payment of any dividends or distributions. However, equity securities offer greater potential for appreciation than many other types of securities, because their value increases directly with the value of the issuer's business. Equity securities may be subject to, for example, market risks, sector risks, liquidity risks, risks related to investing for growth, risks related to investing for value, risks related to company size, medium size company risk, small company risks, currency risks, risks of investing in a specific country or region, risks of foreign investing, risks of investing in emerging market countries, leverage risks, credit risks, exchange traded funds risk, risks related to custodial services and related investment costs, and share ownership concentration risk.

Fixed Income Security Risk. Fixed-income securities pay interest, dividends or distributions at a specified rate. The rate may be a fixed percentage of the principal or may be adjusted periodically. In addition, the issuer of a fixed-income security must repay the principal amount of the security, normally within a specified time. Fixed-income securities provide more regular income than equity securities. However, the returns on fixed-income securities are limited and normally do not increase with the issuer's earnings. This limits the potential appreciation of fixed-income securities as compared to equity securities. Fixed income securities may be subject to, for example, credit risk, call risks, prepayment risks, liquidity risk, sector risks, risks associated for non-investment grade securities or junk bonds, risks related to the economy, currency risks, risks of investing in a specific country or region, risks of foreign investing, risks of investing in emerging market countries, leverage risks, tax risks, risks of inflation protected securities, risks associated with investment share proceeds, credit enhancement risk, and risks associated with investment activities of other accounts.

Mutual Fund Risk. Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Exchange Traded Fund Risk. ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: an ETF's shares may trade at a market price that is above or below its net asset value; the ETF may employ an investment strategy that utilizes high leverage ratios; or trading of an ETF's share may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

**Option Risk.** Options are financial derivatives based on the value of underlying securities such as stocks. An options contract offers the buyer the opportunity to buy or sell—depending on the type of contract—the underlying asset. Call options allow the holder to buy the asset at a stated price within a specific timeframe. Put options allow the holder to sell the asset at a stated price within a specific timeframe. The potential loss to the buyer of an option is limited to the price paid for the option while the potential loss for the writer of an option is unlimited if not covered by an offsetting position in the option’s underlying security.

**Information Risk.** Every method of analysis has its own inherent risks. To perform an accurate market analysis Alpha Omega must have access to current/new market information. Alpha Omega has no control over the dissemination rate of market information; therefore, unbeknownst to Alpha Omega, certain analyses may be compiled with outdated market information, severely limiting the value of Alpha Omega’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- **Margin-**The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client’s brokerage account as collateral; and,
- **Pledged Assets Loan-** In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client’s investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client’s investment assets in the event of loan default or if the assets fall below a certain level. For this reason, Alpha Omega does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). Alpha Omega does not recommend such borrowing for investment purposes (i.e., to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to Alpha Omega:

- by taking the loan rather than liquidating assets in the client’s account, Alpha Omega continues to earn a fee on such Account assets; and,
- Alpha Omega does not earn a higher fee if the client invests any portion of the loan proceeds in an account to be managed by Alpha Omega, whether invested or uninvested;
- Because Alpha Omega’s advisory fee is not based upon the higher margined account value, Alpha Omega will not earn a correspondingly higher advisory fee. Therefore, there is no disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

**Item 9           Disciplinary Information**

Alpha Omega has not been the subject of any disciplinary actions.

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

- A. Neither Alpha Omega, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Alpha Omega, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Alpha Omega has no other relationship or arrangement with a related person that is material to its advisory business.
- D. Alpha Omega does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Alpha Omega maintains an investment policy relative to personal securities transactions. This investment policy is part of Alpha Omega's overall Code of Ethics, which serves to establish a standard of business conduct for all of Alpha Omega's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Alpha Omega also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Alpha Omega or any person associated with Alpha Omega.

- B. Neither Alpha Omega nor any related person of Alpha Omega recommends, buys, or sells for client accounts, securities in which Alpha Omega or any related person of Alpha Omega has a material financial interest.
- C. Alpha Omega and/or representatives of Alpha Omega *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Alpha Omega and/or representatives of Alpha Omega are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Alpha

Omega did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Alpha Omega’s clients) and other potentially abusive practices.

Alpha Omega has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Alpha Omega’s “Access Persons.” Alpha Omega’s securities transaction policy requires that an Access Person of Alpha Omega must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Alpha Omega selects; provided, however that at any time that Alpha Omega has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Alpha Omega and/or representatives of Alpha Omega *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Alpha Omega and/or representatives of Alpha Omega are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, Alpha Omega has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Alpha Omega’s Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that Alpha Omega recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Alpha Omega to use a specific broker-dealer/custodian), Alpha Omega generally recommends that investment management accounts be maintained at Charles Schwab & Co., Inc. Prior to engaging Alpha Omega to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Alpha Omega setting forth the terms and conditions under which Alpha Omega shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Alpha Omega does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets 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 recommend that our clients use Charles Schwab & Co., Inc. (*Schwab*) a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with *Schwab*. *Schwab* will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. While we recommend that you use *Schwab* as custodian/broker, you will decide whether to do so and will open your account with *Schwab* by entering into an account agreement directly with them. We do not open that account for you, although we may assist you in doing so.

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. Factors that Alpha Omega considers in

recommending *Schwab* (or any other broker-dealer/custodian to clients) include the historical relationship with Alpha Omega, financial strength, reputation, execution capabilities, pricing, research, and service.

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest in the uninvested cash in your account in Schwab's Cash Features Program.

In addition to commissions, Schwab would charge you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we might have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to "seek best execution" of your trades.

#### **1. Schwab Advisor Services™**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like Alpha Omega. Schwab Advisor Services™ provides Alpha Omega and its clients with access to its institutional brokerage –trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services and additional economic benefits ("Additional Benefits"). Some of those support services and Additional Benefits help Alpha Omega manage or administer its clients' accounts while others help Alpha Omega manage and grow its business. As part of the Additional Benefits, Schwab may also provide monetary assistance to Alpha Omega or to third parties on Alpha Omega's behalf to defray certain costs towards certain technology, compliance, legal, business consulting and other related expenses. Schwab's support services are generally available on an unsolicited basis (Alpha Omega does not have to request them) and at no charge to Alpha Omega. The availability of these services from Schwab benefits Alpha Omega because Alpha Omega does not have to produce or purchase them. Alpha Omega is not required to pay for Schwab's services. A more detailed description of Schwab's Additional Benefits follows.

#### **Services that Benefit the Client**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which Alpha Omega might not otherwise have access or that would require a significantly higher minimum initial investment by Alpha Omega's clients. Schwab's services described in this paragraph generally benefit Alpha Omega's clients and their accounts.

### **Services that May Not Directly Benefit the Client**

Schwab also makes available to Alpha Omega other products and services that benefit Alpha Omega but may not directly benefit Alpha Omega's clients or their accounts. These products and services assist Alpha Omega in managing and administering its clients' accounts. They include investment research, both Schwab's own and that of third parties. Alpha Omega may use this research to service all or some substantial number of its clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of Alpha Omega's fees from Alpha Omega's clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Alpha Omega**

Schwab also offers other services intended to help Alpha Omega manage and further develop its business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession;
- access to employee benefits providers, human capital consultants and insurance providers; and
- marketing consulting and support.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Alpha Omega. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Alpha Omega with other benefits such as occasional business entertainment of its personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. This creates an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which we would otherwise have to pay 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 conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

Although the commissions and/or transaction fees paid by Alpha Omega's clients shall comply with Alpha Omega's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Alpha Omega determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Alpha Omega will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Alpha Omega's investment management fee. Alpha Omega's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Alpha Omega receives from *Schwab* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Alpha Omega to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Alpha Omega may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Alpha Omega in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Alpha Omega in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Alpha Omega to manage and further develop its business enterprise.

There is no corresponding commitment made by Alpha Omega to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. **Alpha Omega's Chief Compliance Officer, LeAnn Mitchell, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.**

2. Alpha Omega does not receive referrals from broker-dealers.
3. Alpha Omega does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements the client will negotiate terms and arrangements for their account with that broker-dealer, and Alpha Omega will not seek better

execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Alpha Omega. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Alpha Omega to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Alpha Omega. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Alpha Omega's Chief Compliance Officer, LeAnn Mitchell, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Alpha Omega provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Alpha Omega decides to purchase or sell the same securities for several clients at approximately the same time. Alpha Omega may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among Alpha Omega's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Alpha Omega shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Alpha Omega provides investment supervisory services, account reviews are conducted on an ongoing basis by Alpha Omega's Partners and representatives. All investment supervisory clients are advised that it remains their responsibility to advise Alpha Omega of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Alpha Omega on an annual basis.
- B. Alpha Omega may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian

and/or program sponsor for the client accounts. Alpha Omega may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Alpha Omega receives an economic benefit from *Schwab* in the form the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount. These products and services, how they benefit us, and the related conflicts of interest are described above (See Item 12 Brokerage Practices).

There is no corresponding commitment made by Alpha Omega to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Alpha Omega's Chief Compliance Officer, LeAnn Mitchell, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.**

- B. Alpha Omega does not compensate, directly or indirectly, any person, other than its employees for client introductions.

#### **Item 15 Custody**

Alpha Omega shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Alpha Omega may also provide a written periodic report summarizing account activity and performance. To the extent that Alpha Omega provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Alpha Omega with the account statements received from the account custodian. The account custodian does not verify the accuracy of Alpha Omega's advisory fee calculation.

**Custody Situations:** Alpha Omega engages in other practices and services on behalf of its clients that require disclosure at ADV Part 1, Item 9. Some of the practices and services subject the affected account(s) to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. In addition, certain clients have signed asset transfer authorizations which permit the qualified custodian to rely upon instructions from Alpha Omega to transfer client funds to "third parties." These arrangements are also reflected at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## Item 16 Investment Discretion

The client can determine to engage Alpha Omega to provide investment advisory services on a discretionary basis. Prior to Alpha Omega assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Alpha Omega as the client's attorney and agent in fact, granting Alpha Omega full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Alpha Omega on a discretionary basis may, at any time, impose restrictions, **in writing**, on Alpha Omega's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Alpha Omega's use of margin, etc.).

## Item 17 Voting Client Securities

Unless the client directs otherwise in writing, Alpha Omega is responsible for voting client proxies (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). Alpha Omega shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. Alpha Omega shall monitor corporate actions of individual issuers and investment companies consistent with Alpha Omega's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Alpha Omega will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include the following: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, Alpha Omega may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Alpha Omega may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Alpha Omega shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how Alpha Omega voted on any specific proxy issue is also available upon written request. Requests should be made by contacting Alpha Omega's Chief Compliance Officer, LeAnn Mitchell.

### **Class Action Lawsuits**

Occasionally, securities held in the accounts of clients will be the subject of class action lawsuits. Alpha Omega has retained the services of Chicago Clearing Corporation to provide a comprehensive review of our clients' possible claims to a settlement throughout the class action lawsuit process. Chicago Clearing Corporation actively seeks out any open and eligible class action lawsuits. Additionally, Chicago Clearing files, monitors and expedites the distribution of settlement proceeds in compliance with SEC guidelines on behalf of our clients. Chicago Clearing's filing fee is contingent upon the successful completion and distribution of the settlement proceeds from a class action lawsuit. In recognition of Chicago Clearing's services, Chicago Clearing receives 20% of our clients' share of the settlement distribution. Where Alpha Omega receives written or electronic

notice of a class action lawsuit, settlement, or verdict affecting securities owned by clients, it will work to assist clients and Chicago Clearing Corporation in the gathering of required information and submission of claims. Clients may opt out of the Chicago Clearing Corporation's service by contacting Alpha Omega's Chief Compliance Officer, LeAnn Mitchell.

**Item 18      Financial Information**

- A. Alpha Omega does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Alpha Omega is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Alpha Omega has not been the subject of a bankruptcy petition.

**Alpha Omega's Chief Compliance Officer, LeAnn Mitchell, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**