

Alpha Omega Wealth Management, LLC

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Contact: LeAnn Mitchell, Chief Compliance Officer
7202 Glen Forest Drive, Suite 300
Richmond, Virginia 23226
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. 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.

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

There have been no material changes made to Alpha Omega's disclosure statement since last year's Annual Amendment filing on February 15, 2012.

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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 changed its domicile to the Commonwealth of Virginia). Alpha Omega became registered as an Investment Adviser Firm in April 2009. Alpha Omega is owned by W. Arthur Washburn III and Craig T. Forbes, Alpha Omega's Co-Principals.
- B. As discussed below, Alpha Omega offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage Alpha Omega to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis. (*See* discussion below). If a client determines to engage Alpha Omega on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage Alpha Omega on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

NON-WRAP FEE BASIS

The client can determine to engage Alpha Omega to provide discretionary and/or non-discretionary investment advisory services on a *fee* 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.

ALPHA OMEGA WRAP PROGRAM

Alpha Omega provides investment management services on a wrap fee basis in accordance with Alpha Omega's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, Alpha Omega is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. All prospective Program participants should read both Alpha Omega's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. Charles Schwab & Co. ("*Schwab*") shall serve as the custodian for Program accounts.

Please Note: As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Alpha Omega for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, Alpha Omega *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Prior to engaging Alpha Omega to provide planning or consulting services, 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. If requested by the client, Alpha Omega may recommend the services of other professionals for implementation purposes, including Alpha Omega's Principals in their individual capacities as licensed insurance agents. (*See* disclosure at Item 10 C). 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. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** 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/revising Alpha Omega's previous recommendations and/or services.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, Alpha Omega *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Alpha Omega, nor any of its representatives, serves as an attorney or accountant, 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, etc.), including Alpha Omega's Principals in their separate licensed capacities as discussed below. 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. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** 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/revising Alpha Omega's previous recommendations and/or services.

Please Note: Cash Positions. 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. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating Alpha Omega's advisory fee. **Please Further Note:** When the account is holding cash positions, those cash positions will be subject to the same fee schedule as set forth above for fixed income. **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 fee billing practice.

Please Note: 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 verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Alpha Omega will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal 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 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), management style, performance, reputation, financial strength, reporting, pricing, and research.

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 his/her/its responsibility to promptly notify Alpha Omega if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Alpha Omega's previous recommendations and/or services.

- 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 anytime, impose reasonable restrictions, in writing, on Alpha Omega's services.
- D. There is no significant difference between how Alpha Omega manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage Alpha Omega on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage Alpha Omega on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). **Please Note:** When managing a client's account on a wrap fee basis, Alpha Omega shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.
- E. As of December 31, 2012, Alpha Omega had \$117,860,488 in assets under management on a discretionary basis and \$63,389,993 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage Alpha Omega to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis.

NON-WRAP FEE BASIS

If a client determines to engage Alpha Omega to provide discretionary and/or non-discretionary investment advisory services on a *fee* 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 (between negotiable and 1.50%), to be charged quarterly in advance, as follows:

<u>Market Value of Portfolio</u>	<u>Equity/Balanced Account</u>	<u>Fixed Income Account</u>
From \$0 -- \$1million	1.50%	0.60%
\$1million -\$2.5million	1.25%	0.50%
\$2.5million -\$5million	1.00 %	0.50%
Over \$5million	Negotiable	

ALPHA OMEGA WRAP PROGRAM FEES

If a client determines to engage Alpha Omega to provide investment management services on a wrap fee basis in accordance with Alpha Omega's Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, Alpha Omega is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 1.60%, depending upon the amount and type of the Program assets.

FINANCIAL PLANNING AND CONSULTING SERVICES FEES (STAND-ALONE)

To the extent specifically requested by a client, Alpha Omega *may* determine to 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).

- 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 market value of the assets 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 (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income 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). When beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian (generally, *Schwab*), 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*) Participants in the Alpha Omega Wrap Fee Program will not incur brokerage commissions and/or transaction fees in addition to the Program fees.
- D. Alpha Omega's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. 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. 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.).

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

A. Alpha Omega may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Alpha Omega may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed 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(s).

B. Alpha Omega's methods of analysis and investment strategies do not present any significant or unusual risks.

However, 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.

Alpha Omega's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Alpha Omega may also implement and/or recommend – short selling or use of margin. Each of these strategies has a high level of inherent risk. (*See discussion below*).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by Alpha Omega in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Alpha Omega may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential ***conflict of interest*** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to Alpha Omega. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

- C. Currently, Alpha Omega primarily allocates client investment assets among various individual equity (stocks), debt (bonds), and fixed income securities, mutual funds and/or exchange traded funds and *Independent Manager[s]* on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). (*See Independent Manager[s]* above).

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.

Licensed Insurance Agents. Alpha Omega's Principals, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage Alpha Omega's Principals to purchase insurance products on a commission basis. **Conflict of Interest:** The recommendation by Alpha Omega's Principals that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Alpha Omega's Principals. Clients are reminded that they may purchase insurance products recommended by Alpha Omega through other non-affiliated insurance agents. **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 conflict of interest.**

- 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 potential 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 potential 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 *Schwab*. 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.

Factors that Alpha Omega considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with Alpha Omega, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Alpha Omega's clients shall comply with Alpha Omega's duty to obtain 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.

1. 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 may receive from *Schwab* (or another broker-dealer/custodian) 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.

Alpha Omega's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. 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 perceived conflict of interest such arrangement may create.

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.

Please Note: 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.

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 obtain 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 Principals 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 may receive an indirect economic benefit from *Schwab*. Alpha Omega, without cost (and/or at a discount), may receive support services and/or products from *Schwab*.

Alpha Omega's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. 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 perceived conflict of interest any such arrangement may create.

- B. If a client is introduced to Alpha Omega by either an unaffiliated or an affiliated solicitor, Alpha Omega *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Alpha Omega's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Alpha Omega by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Alpha Omega's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Alpha Omega and the solicitor, including the compensation to be received by the solicitor from Alpha Omega.

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.

Please Note: 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. **Please Also Note:** The account custodian does not verify the accuracy of Alpha Omega's advisory fee calculation.

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 anytime, 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

- A. 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.
- B. As set forth in Item 17.A above, Alpha Omega votes client proxies.

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.

ANY QUESTIONS: 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.