

Wanger OmniWealth, LLC

Part 2A of Form ADV

The Brochure

401 North Michigan Avenue

Suite 1301

Chicago, IL 60611

312-245-8000

www.wangeromniwealth.com

Updated: March 2011

This brochure provides information about the qualifications and business practices of Wanger OmniWealth, LLC (“Wanger OmniWealth” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 312-245-8000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. As a registered investment adviser, the term “registered” does not imply a certain level of skill or training.

Additional information about Wanger OmniWealth is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

Wanger OmniWealth's most recent update to Part 2 of Form ADV was made in March 2010. Wanger OmniWealth's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by Wanger OmniWealth in prior years.

Table of Contents

Table of Contents	2
Advisory Business	2
Fees and Compensation	3
Performance Based Fees and Side-by-Side Management	5
Types of Clients	5
Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Disciplinary Information.....	8
Other Financial Industry Activities and Affiliations	8
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9
Brokerage Practices	10
Review of Accounts.....	13
Client Referrals and Other Compensation	13
Custody	14
Investment Discretion	14
Voting Client Securities.....	14
Financial Information.....	15

Advisory Business

Wanger OmniWealth was founded in 2007. At December 31, 2010, Wanger OmniWealth was owned approximately 43% by OmniWealth, Ltd. and approximately 57% by Wanger Investment Management ("WIM"). Eric D. Wanger is the sole shareholder of WIM, a SEC-registered investment adviser operating out of the same principal office location as Wanger OmniWealth. Don E. Scott is the sole shareholder of OmniWealth, Ltd. As of December 31, 2010 Wanger OmniWealth managed approximately \$200 million on a discretionary basis on behalf of approximately 30 clients.

Wanger OmniWealth provides continuous and ongoing investment supervisory services to its Clients based on their individual needs. Wanger OmniWealth develops an asset allocation mix for each Client based on the investment objectives, risk tolerance, and time horizon of the Client. Wanger OmniWealth then selects a mix of mutual funds managed by third-party investment advisers, separately managed account products managed by third-party investment advisers, and/or other alternative investments to match the selected asset allocation mix. Wanger OmniWealth also reserves the right to select individual equity, fixed income, and options securities within Client accounts if deemed suitable based on the objectives and risk profile of the client.

Wanger OmniWealth offers two main types of investment services. The Lifestyle Portfolio provides exposure to mutual funds, exchange traded funds, separately managed account products, and various alternative investment products offered by third-party investment advisers. This type of portfolio provides exposure to traditional asset classes such as stocks and bonds. The Wealth Creation Strategy provides Clients with exposure to both mutual funds and certain private investments. This may consist of, among other things, interests in private equity funds and limited partnerships or limited liability companies organized to invest in oil and gas, real estate, and other assets. Wanger OmniWealth offers investment and family office solutions to high-net-worth families.

Additionally, Wanger OmniWealth serves as the sole member and managing member to the General Partner of the Wanger OmniWealth Alternative Fixed Income Access Fund, LP. ("WAFI"). WAFI is a private fund designed to provide Wanger OmniWealth Clients and other Investors with access to a pooled investment vehicle which approximates the cash-flow, capital preservation and risk reward profile of a bond portfolio without the same risk profile.

The General Partner of WAFI is WOW Alternative Fixed Income Access Fund GP, LLC, a Delaware limited liability company (the "General Partner"). The General Partner has complete, sole, and full discretionary authority over WAFI, its operations, and its investments. The General Partner, in its sole discretion, may delegate all or some of its responsibilities with regard to the Partnership to an investment manager or managers ("Investment Manager") pursuant to one or more agreements approved by the General Partner. The General Partner has delegated investment management activities to WIM to manage WAFI.

Certain services provided to Clients may include advice generally referred to in the financial services industry as financial planning, whereby Wanger OmniWealth provides information, assistance, and/or advice with respect to tax matters, estate planning, philanthropy, and other related financial matters.

Fees and Compensation

Clients are charged an annual Family Office Fee payable quarterly in advance on the first day of the quarter pursuant to the following table:

<u>Total Assets</u>	<u>Annual Fee Rate</u>
\$0 - \$5,000,000	1.20%
\$5,000,001 - \$10,000,000	0.80%
\$10,000,001 - \$25,000,000	0.60%
\$25,000,001 - \$50,000,000	0.50%
Over \$50,000,000	0.40%

Fees may be negotiated at the discretion of Wanger OmniWealth. Fees are prorated for new Clients if the new account has been funded and Wanger OmniWealth begins to manage Client assets mid-quarter.

In addition, Clients may make contributions to or take withdrawals from their accounts at any time. Fees are prorated for mid-quarter contributions and withdrawals greater than \$1 million. Finally, Clients terminating mid-quarter receive a refund based on the days remaining in the quarter. Clients must provide Wanger OmniWealth with 30 days advance notice if they intend to terminate the relationship. If Wanger OmniWealth receives notice of termination within five business days of execution of the Client Services Agreement, services are terminated without penalty (i.e., no fees are due and Clients receive a complete refund of any fees paid in advance).

Most clients authorize Wanger OmniWealth to deduct fees automatically from their brokerage accounts, but clients may request that Wanger OmniWealth send quarterly invoices to be paid by check.

In addition to the Family Office Fee, Clients are charged an Incentive Fee on assets managed in the Wealth Creation Strategy. Once the Client has received cash equal to 120% of the Client's investment, the Client pays a fee equal to 10% of cash distributions from the investment payable quarterly in arrears. The fee is calculated on an investment-per-investment basis. Clients must satisfy the requirements specified under Rule 205-3 under the Investment Advisers Act of 1940 ("Advisers Act") in connection with Wanger OmniWealth's receipt of performance-based compensation.

Wanger OmniWealth Clients will pay no additional management fees (i.e. no Wanger OmniWealth level and WAFI level dual layering of fees) for access to WAFI. Outside investors in WAFI will pay a "Management Fee" to the General Partner at the beginning of each calendar quarter. This fee equals one-fourth of 1.25% of the NAV (i.e., 0.3125%, of the Net Asset Value of each Investor's capital account balance) per quarter.

WAFI assumes expenses reasonably incurred by the General Partner, investment manager or affiliates as part of such parties providing services to, and meeting their obligations to WAFI and as otherwise provided in the Confidential Private Placement Memorandum. In addition to expenses incurred with external vendors (e.g., legal fees, accounting fees, etc.), partnership expenses will include a reimbursement to the General Partner at the beginning of each calendar quarter related to expenses incurred by WIM in managing WAFI, including expenses involved in performing due diligence reviews of investment opportunities for WAFI. Please see the Confidential Private Placement Memorandum for more information regarding the fees and expenses associated with WAFI.

The General Partner is authorized to waive all or part of the Management Fee for any Investor once or on an ongoing basis in its sole discretion and may do so for employees and owners of Wanger OmniWealth and WIM.

The General Partner, in its sole and absolute discretion, has the right, without the consent or other approval of any other Investors to allow other Investors into WAFI with different terms and conditions. Such other Investors may or may not be required to invest different minimum amounts, pay different fees to the General Partner and have certain other terms (e.g., liquidity and responsibility for certain expenses) applicable to them that are different than those discussed in this brochure and described in greater detail in the Confidential Private Placement Memorandum all as determined by the General Partner in its sole and absolute discretion.

As mentioned previously, Wanger OmniWealth recommends mutual funds, separately managed accounts, and various alternative investments managed by third-party investment advisers, which assess their own separate management fee. The management fees associated with mutual fund investments are in addition to the fees charged by Wanger OmniWealth on such assets. In addition, Clients may directly or indirectly incur other fees associated with mutual fund investments, as disclosed in the prospectus of such mutual funds.

Wanger OmniWealth may also recommend the use of sub-advisers, which assess their own separate management fees. The management fees associated with such sub-advisers are in addition to the fees charged by Wanger OmniWealth on such assets.

Performance Based Fees and Side-by-Side Management

In addition to the Family Office Fee, Clients are charged an Incentive Fee on assets managed in the Wealth Creation Strategy as describe above.

Performance based fees may create an incentive for the Company to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Depending on Client objectives, investment time horizon, and tolerance for risk, these types of investments may or may not be deemed appropriate for certain Client accounts. This creates the potential to cause Wanger OmniWealth to favor those Clients that are invested in investments that are subjected to performance based fees. Wanger OmniWealth has developed procedures to mitigate this potential conflict via multiple layers of internal reviews with respect to investment decisions.

Types of Clients

Wanger OmniWealth primarily provides customized investment management services to high-net-worth individuals, families and associated trusts, estates, retirement plans, and other legal entities. As a standard practice, Wanger OmniWealth only accepts Clients with \$10 million of assets to be managed. Wanger OmniWealth may waive this minimum account size at its own discretion. WAFI is a private fund offered to Clients, that is used to invest in hedge funds and/or separately managed account products offered by third party money managers. WAFI's minimum investment amount is \$250,000. The General Partner may waive this minimum in its sole discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

Wanger OmniWealth's strategy involves recommending an asset allocation mix for its Clients and selecting an appropriate mix of mutual funds and sub-advisers to manage its Clients' assets. Wanger OmniWealth may also recommend private or "alternative" investments, including private equity funds, hedge funds, and LLCs and LPs formed for the purpose of investing in various types of securities and/or assets. Such "alternative" investments are subject to among other risks, investment risk, including among other things, the possible loss of the entire amount invested, and market volatility. Alternative investments may make use of leverage which can enhance the risk of capital loss in the event of adverse changes in the prices of securities financed with borrowed funds. Other risk factors can be found in the Private Placement Memorandum of each third-party private fund. Finally, Wanger OmniWealth reserves the right to recommend investments in individual equity, fixed income, and options securities on behalf of its Clients. Wanger OmniWealth monitors the asset allocation mix and performance of selected mutual funds and sub-advisers (and other investments) and makes periodic adjustments to the mix, as necessary to meet Client objectives. The investment strategies include those that Wanger OmniWealth may use as well as those used by third-party investment advisers selected by Wanger OmniWealth.

Wanger OmniWealth generally employs an investment strategy that emphasizes a longer-term investment horizon of a year or more. However, market developments could cause Wanger OmniWealth to sell securities more quickly. Please note that all investing involves a risk of loss that clients should be prepared to bear.

Client portfolios are generally a blend of two separate strategies: the Lifestyle Portfolio and the Wealth Creation Strategy.

The "Lifestyle Portfolio" is typically the primary portfolio for each Client. The Lifestyle Portfolio provides exposure to mutual funds, separately managed accounts, and various alternative investment products offered by third-party investment advisers. This type of portfolio provides exposure to traditional asset classes such as stocks and bonds, but may also include a limited number of private investments. The Lifestyle Portfolio is broadly diversified and engineered to manage downside risk. It typically targets a long-term return of over time approaching the S&P 500, with the goal of assuming substantially less risk. The Lifestyle Portfolio is tailored to reflect a Client's personal situation, outside investments, time horizon, life objectives, philanthropic goals, and family pursuits. An allocation is built around a robust analysis of the Client's financial situation.

Investing in securities involves risk of loss that the Clients should be prepared to bear.

The "Wealth Creation Strategy"(WCS) provides Clients with exposure to certain private investments. This may consist of, among other things, interests in private equity funds and limited partnerships or limited liability companies organized to invest in oil and gas, real estate, and other assets. Wanger OmniWealth sources these investments and makes them available to Clients on a one-off basis. These are illiquid investments with a higher expected return and a

higher commensurate risk profile. These investments make up a small portion of a Client's overall portfolio.

Risks associated with these types of investments made on behalf of WCS Clients may include market volatility and the manager's ability to correctly assess the future price movements of underlying securities. The managers of these investments may employ the use of leverage which can enhance the risk of capital loss in the event of adverse changes in the market price of securities financed with borrowed funds. In addition, borrowing results in interest expense which will be required to be paid regardless of the performance of the securities acquired with the proceeds of the borrowing. Such investments may engage in short sales, requiring that it borrow the securities being sold short and may trade and invest in derivative instruments such as options. It is anticipated that some of the WCS investments will include private funds and other private investments managed by third-party investment managers. The prospects for appreciation of these investments made on behalf of WCS Clients will be highly dependent on the ability of the General Partner to select third-party managers and principals capable of achieving successful returns for the private funds and other private investments they manage and there can be no assurance that any such manager so selected will achieve success, including with respect to identifying and closing on suitable investment opportunities. In the event that the third-party manager is unable to identify or close on suitable investments, the value of the third-party private fund or other private investment will be negatively impacted.

Wanger OmniWealth has retained an unaffiliated investment consultant to provide independent analysis and reporting on mutual funds, hedge funds, and third-party investment advisers. Wanger OmniWealth pays a monthly flat fee for this research. Clients do not incur any portion of this fee.

Wanger OmniWealth and WIM (with respect to WAFI) conducts due diligence on third-party investment advisers. This includes an assessment of the mutual funds and hedge funds they advise as well as the services available to separately managed account Clients. The research conducted encompasses a variety of information including, but not limited to, the strategy and investment philosophy of the adviser, the types of securities used by the adviser, the history of the adviser and experience of its employees, the performance history of the adviser, the transparency and reporting quality of the adviser, and other factors as deemed relevant by Wanger OmniWealth.

Wanger OmniWealth reserves the right to select individual equity and fixed income securities on behalf of its Clients as appropriate based in their risk tolerance and investment objectives.

Wanger OmniWealth's Investment Committee generally meets weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of Clients' existing holdings and sector exposures.

WAFI is designed to provide Wanger OmniWealth clients and other investors a pooled vehicle which approximates the cash-flow, capital preservation and risk/reward profile of a bond portfolio without the same risk profile. WAFI seeks to provide capital appreciation over a multi-year time horizon with cash-flows, total return and capital preservation approximating bond

yields with a relatively low beta (a relatively low correlation) to bond indexes. The underlying investments made via WAFI employ a number of strategies, including absolute return strategies, active bond strategies, direct investment strategies, alternative income strategies to achieve WAFI's objectives. In addition to the investment, market volatility and third-party manager risks described above, the risks associated with WAFI's investment may include the limited transferability of interests in WAFI and the underlying investments that WAFI makes. This illiquidity may reduce the ability of the General Partner to dispose of certain investments made by the partnership in a timely manner. In addition, uncertainties as to the valuation of positions not traded or thinly traded on an exchange could have an adverse impact on WAFI's net asset value if judgments regarding valuations should prove incorrect. Finally, while it is not anticipated that WAFI would invest in real estate directly, it may invest in public or private funds or partnerships that invest directly in real estate or in securities issued by real estate companies, including REITs. WAFI may therefore be subject to risks associated with direct investments in real estate, including declines in the value of real estate and risks related to general and local economic conditions.

Disciplinary Information

Wanger OmniWealth and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Wanger OmniWealth is the sole member and managing member of WOW Alternative Fixed Income Access Fund, GP, which is the General Partner of WAFI. Certain Wanger OmniWealth Clients and other investors may invest in WAFI provided they meet minimum eligibility requirements. WOW Alternative Fixed Income Access Fund, GP has delegated all investment management responsibilities for WAFI to WIM, which owns 57% of Wanger OmniWealth. Eric D. Wanger is the sole owner of Wanger Investment Management.

Wanger OmniWealth's Chief Investment Officer ("CIO") owns and operates WIM, a SEC-registered investment adviser which shares its principal office space with Wanger OmniWealth. As CIO of Wanger OmniWealth, Mr. Wanger may recommend that Wanger OmniWealth's Clients invest in private investment funds for which WIM serves as the investment adviser and for which Mr. Wanger serves as the portfolio manager as an employee of WIM. These private investment funds include the Wanger Income and Growth Fund, LP ("WIGF") and the Wanger Long Term Opportunity Fund II, LP ("WLTOF"). WIM assesses its own management fee and incentive fee with respect to WIGF and WLTOF. In addition, investors typically incur other fees assessed to WIGF and WLTOF, as disclosed in their Private Placement Memorandums (for example, auditor fees, legal fees, administrator fees, and other similar fees). Wanger OmniWealth addresses the interplay of these fees more fully in its Client Services Agreement. Wanger OmniWealth does not intend for Wanger OmniWealth or its related persons (such as

WIM) to collect dual layers of fees from its Clients holding an interest in the WLTOF and WIGF.

Despite Wanger OmniWealth's intention to avoid two layers of fees with respect to Client investments in WIGF and WLTOF, Mr. Wanger's roles at both Wanger OmniWealth and WIM may pose a conflict of interest. Mr. Wanger may have an incentive or inclination to recommend investment options associated with WIM as opposed to other potentially more suitable or advantageous investment options. Wanger OmniWealth has developed compliance policies and procedures that require employees to retain proper supporting documentation with respect to investment decisions and that otherwise attempt to mitigate this potential conflict (for example, through disclosure to Clients and multiple layers of internal review with respect to investment decisions).

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

Wanger OmniWealth has adopted a Code of Ethics (the "Code") to help mitigate potential and actual conflicts of interest that may arise between Wanger OmniWealth (and its owners and employees) and its Clients. The Code is applicable to all employees. The Code includes insider trading policies and procedures. A copy of the Code will be provided to any Client, Investors, prospective Clients, and prospective Investors upon request. Adviser's Code requires, among other things, that its employees:

- exercise authority and responsibility for the benefit of Clients;
- place the interests of Clients first;
- refrain from having outside interests that conflict with the interests of Clients;
- engage in honest and ethical conduct, including the handling of actual or apparent conflicts of interest between personal and professional relationships;
- promptly report violations of the Code;
- conduct all personal securities transactions in a manner consistent with the Code; and
- protect the privacy of nonpublic personal information of Wanger OmniWealth's Clients.

Wanger OmniWealth's Code also requires access persons to: 1) report personal securities transactions on at least a quarterly basis, 2) provide a detailed summary of certain holdings (initially upon commencement of employment and annually thereafter) over which such access persons have a direct or indirect beneficial interest, and 3) pre-clear certain types of transactions in order to mitigate potential conflicts. Wanger OmniWealth has also adopted a separate Insider Trading policy, which defines terms specific to insider trading, prohibits trading while in possession of material non-public information ("MNPI"), and educates employees as to how to handle the potential receipt of MNPI.

Wanger OmniWealth's employees and owners may purchase, sell, or hold the same securities that Wanger OmniWealth recommends to its Clients. In addition, Wanger OmniWealth's employees may use the same sub-advisers recommended to Clients.

Trades by employees should be executed in a manner consistent with our fiduciary obligations to our Clients: trades should avoid actual improprieties, as well as the appearance of impropriety. Employee trades must not be timed to precede orders placed for any Client, nor should trading activity be so excessive as to conflict with the employee's ability to fulfill daily job responsibilities. All employees are required to sign a statement acknowledging their understanding of the rules, which are designed to prevent potential compliance-related concerns and mitigate potential conflicts, on an annual basis.

Conflicts of interest are unlikely since most Client portfolio transactions and holdings are in open-ended registered investment companies (mutual funds) in which the purchase price is determined at the end of the trading day and therefore an employee would have no ability to make any impact on the price of the funds.

Finally, employees and owners may purchase interests in WAFI. The General Partner is authorized to waive all or part of the Management Fee for any Investor once or on an ongoing basis in its sole discretion and may do so for employees and owners of Wanger OmniWealth and WIM.

Brokerage Practices

Wanger OmniWealth may recommend broker-dealers to its Clients and assist Clients in establishing investment accounts through such brokers. However, Wanger OmniWealth does not maintain authority to select the broker-dealer used to effect securities transactions or directly negotiate or otherwise control or influence the commission rates to be paid. Rather, the Client ultimately selects the broker-dealer and consents to the use of such broker-dealer by fully executing the Client Services Agreement and the paperwork required by the selected broker-dealer(s).

In recommending broker-dealers to Clients, Wanger OmniWealth considers any research, statistical, or other information or services provided by such brokers that may enhance Wanger OmniWealth's research and portfolio management capability generally. Wanger OmniWealth also considers the following factors, among others: quality of customer service of the broker, quality of account statements and reporting services available, reasonableness of known commission schedule and transaction-based costs, and financial stability of the broker-dealer. Although Wanger OmniWealth is not directly involved with the selection of brokers, Wanger OmniWealth monitors transaction costs to ensure that Clients pay a reasonable cost in relation to the value of the research and execution attained and would contact Clients if any potential concerns are noted in this respect.

Wanger OmniWealth does not receive any soft dollar benefits from the Clients broker-dealers.

OTC Transactions:

Wanger OmniWealth may place over-the-counter equity transactions on an agency basis. If an over-the-counter equity transaction is effected on an agency basis, Clients are charged

commissions in addition to the broker's spread, which is included in the offer or bid price of the security.

Trade Allocation:

In allocating investment opportunities among Clients, it is Wanger OmniWealth's policy that all Clients should be treated fairly over time. To the extent that Wanger OmniWealth makes investment recommendations on the same securities to multiple Clients, Wanger OmniWealth ensures the fair and equitable allocation of investment opportunities. Accordingly, where demand exceeds supply, Wanger OmniWealth allocates trades pro rata based on the initial number of shares requested for each Client. Wanger OmniWealth monitors the performance of similarly managed accounts to ensure that no particular Clients are favored over other particular Clients over time. However, due to differing investment objectives among Client accounts and differing investment strategies implemented across Client accounts, investment advice (and thus performance achieved) made may differ from Client to Client.

Trade Aggregation:

Wanger OmniWealth may aggregate orders for its Clients when appropriate and possible based on the broker/custodial arrangements selected by Clients (Wanger OmniWealth recommends, but does not select the broker/custodian to be used by its Clients). Participating Clients receive average price for the transaction. Commission costs are assessed based on contractually agreed upon terms with the applicable broker. To the extent that a partial fill occurs, participants receive their pro rata share of the partially filled order based on their initial demand as indicated on the trade ticket. Commission costs are assessed based on contractually agreed upon terms with the applicable broker.

Directed Brokerage:

Brokerage commission rates in the US are not fixed by any authority, but are subject to negotiation. Clients that direct Wanger OmniWealth to use particular broker or dealer to execute all transactions are responsible for negotiating commission rates with the broker. Clients should further understand that by instructing Wanger OmniWealth to execute all transactions through the directed broker, the Client may not necessarily obtain commission rates and execution as favorable as those that would be obtained if Wanger OmniWealth was able to place transactions with other broker-dealers. The Client also may forego benefits that Wanger OmniWealth may be able to obtain for its other Clients through, for example, negotiating volume discounts or block trades. The Client also may not be able to participate in initial public offerings (IPOs), private placements and other investment opportunities available to Clients who do not direct Wanger OmniWealth to use a particular broker.

Cross Trades and Principal Trades:

Wanger OmniWealth does not currently engage in principal transactions with its Clients. In addition, Wanger OmniWealth does not currently recommend agency cross transactions or other otherwise recommend cross trades between advisory Client accounts.

Wanger OmniWealth may recommend that Clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered

broker/dealer, member SIPC, to maintain custody of Client assets and to effect trades for Client accounts. Wanger OmniWealth is independently owned and operated and not affiliated with Schwab. However, Schwab may provide Wanger OmniWealth with access to its institutional trading and custody services, which are typically not available to Schwab retail customers. These services generally are available to independent investment advisers on an unsolicited basis, at no charge so long as a total of at least \$10 million of Wanger OmniWealth's Clients' assets are maintained in accounts at Schwab Institutional. There is no other contingency upon Wanger OmniWealth to commit to Schwab any specific amount of business (for example, trading volume). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

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

Schwab may make available to Wanger OmniWealth other products and services that benefit Wanger OmniWealth but may not directly benefit its Clients. Some of these other products and services assist Wanger OmniWealth in managing and administering Client accounts. This includes software and other technology that provide access to Client account data (such as trade confirmations and account statements) and facilitate trade execution; access to research materials, pricing information and other market data; facilitation of the payment of advisory fees directly from Client accounts; and assistance with back-office, recordkeeping, and Client reporting functions. Many of these services generally may be used to service all or a substantial number of Wanger OmniWealth's accounts, including accounts not maintained at Schwab Institutional.

Schwab Institutional may also make available to Wanger OmniWealth other services intended to help Wanger OmniWealth manage and further develop its business enterprise. These services may include consulting, publications, and conferences covering practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to Wanger OmniWealth by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Wanger OmniWealth.

While as a fiduciary, Wanger OmniWealth endeavors to act in its Clients' best interests, Wanger OmniWealth's recommendation that Clients maintain their assets in accounts at Schwab may be based in part on the benefit to Wanger OmniWealth of the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab. This may create a potential conflict of interest.

Wanger OmniWealth or its affiliates may compensate unaffiliated third parties for referring advisory clients and/or private fund Investors. Wanger OmniWealth or its affiliates may pay the unaffiliated third parties a fee equal to a percentage of the funded subscription amount or

opening account balance that would be paid out of upfront fees paid to Wanger OmniWealth or its affiliates by the Clients or Investors. These are marketing fees that would all be paid on to the unaffiliated third parties. Wanger OmniWealth or its affiliates may also pay unaffiliated third parties a fee equal to a percentage of the referred Investor's capital account balance or Client's account balance per annum that would be paid out of servicing fees paid to Wanger OmniWealth or its affiliates on a quarterly basis by the Investors or Clients. These fees are compensation to the unaffiliated third parties for ongoing client service and also represent trailing referral fees. Where upfront fees and service fees apply, the Investors and Clients will directly bear these costs. Referral arrangements involving separately managed account advisory Clients, in whole or in part, are to conform to Rule 206(4)-3 under the Investment Advisers Act of 1940.

Review of Accounts

Approximately three senior professionals are assigned to each group of approximately 30 Clients (each Client averages approximately 5 accounts). Detailed reviews take place at least quarterly and include, among other things, a review of the asset allocation of the Client and the performance of the underlying investment managers (and securities, as applicable) selected for each Client. Reviews may occur more frequently as a result of additions, withdrawals, individual manager issues, or other factors impacting Client accounts. Reviewers are instructed to frequently evaluate the appropriateness of the asset allocation and investment manager complement (and the selected securities, as applicable) based on, among other things, the investment objectives, risk tolerance, and time horizon of the Client. Account reviewers include Mr. Don Scott, CEO; and Ms. Suzanne Carrier Campion, Senior Relationship Manager.

All clients are provided with written account reports on a periodic basis. Most clients elect to receive reports on a monthly basis. Reports are mailed or emailed as well as posted on their personal Wanger OmniWealth website. Clients should compare the information that appears on any reports or account statements generated by Wanger OmniWealth with the information appearing on account statements received directly from custodians.

Client Referrals and Other Compensation

WOW or its affiliates may compensate unaffiliated third parties for referring advisory clients and/or private fund Investors. WOW or its affiliates may pay the unaffiliated third parties a fee equal to a percentage of the funded subscription amount or opening account balance that would be paid out of upfront fees paid to WOW or its affiliates by the clients or investors. These are marketing fees that would all be paid on to the unaffiliated third parties. WOW or its affiliates may also pay unaffiliated third parties a fee equal to a percentage of the referred investor's capital account balance or client's account balance per annum that would be paid out of servicing fees paid to WOW or its affiliates on a quarterly basis by the investors or clients. These fees are compensation to the unaffiliated third parties for ongoing client service and also represent trailing referral fees. Where upfront fees and service fees apply, the investors and clients will directly bear these costs. Referral arrangements involving separately managed account advisory clients, in whole or in part, are to conform to Rule 206(4)-3 under the Investment Advisers Act of 1940.

Custody

All clients' accounts are held in custody by unaffiliated broker/dealers, but Wanger OmniWealth can access many clients' accounts through its ability to debit advisory fees.

Clients have online access to account data on an ongoing basis and receive comprehensive performance reports from Wanger OmniWealth on a monthly basis. In addition, Clients receive monthly or quarterly account statements directly from their custodian(s). Clients also receive quarterly investment manager reports generated from a third-party investment consultant retained by Wanger OmniWealth. Clients will generally receive separate financial statements of their investments related to hedge funds, private equity funds and other unaffiliated partnerships from third party managers with respect to those specific investments. Finally, Clients may receive proprietary account statements or other reports directly from the investment managers selected by Wanger OmniWealth. Clients should review these statements and should compare these statements to any account information provided by Wanger OmniWealth and the statements provided by custodians.

Each Wanger OmniWealth Alternative Fixed Income Fund, LP (the "Partnership") Investor will receive: (i) annual audited financial statements, (ii) a quarterly internally prepared statement of the Investor's Capital Account, and copies of such Investor's Schedule K-1 to the Partnership tax returns. An affiliate of Wanger OmniWealth controls the General Partner of "the partnership"; therefore, an affiliate of Wanger OmniWealth has control over the funds and assets invested in WAFI.

Investment Discretion

Wanger OmniWealth shall have the authority to determine the securities to be bought or sold and the amount of securities bought and sold by its discretionary advisory Clients. Currently, Wanger OmniWealth recommends mutual funds and may recommend alternative investments as described previously in greater detail. In addition, Wanger OmniWealth recommends sub-advisers to manage portions of Client accounts. Wanger OmniWealth has the contractual authority, as stated in the Client Services Agreement and Full Discretionary Trading Authorization, to recommend other types of securities, including individual stocks and bonds, but recommendation of individual securities is not expected to represent a significant aspect of Wanger OmniWealth's business.

Clients can place reasonable restrictions on Wanger OmniWealth's investment discretion. For example, some clients may ask Wanger OmniWealth not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

Voting Client Securities

Wanger OmniWealth recommends mutual funds and sub-advisers and may recommend to certain Clients investments in private investment funds, including private equity funds and hedge

funds, and investments in LLCs and LPs organized to invest in various types of assets. While Wanger OmniWealth reserves the right to recommend individuals equity and fixed income securities, Wanger OmniWealth does not vote proxies on behalf of its Clients. Any domestic proxies received by Wanger OmniWealth are forwarded immediately to the beneficial owner of the securities. Otherwise, Clients will receive proxies directly from their custodian or transfer agent. Wanger OmniWealth does not review or vote any proxies. Clients may contact Wanger OmniWealth directly with any questions relating to their proxies. Clients may obtain a copy of Wanger OmniWealth's Proxy Voting Policies and Procedures by contacting Wanger OmniWealth by telephone at 312-245-8000.

Financial Information

Wanger OmniWealth has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.