



*Integrating Your Values, Vision and Wealth*

## **Part 2A of Form ADV: *Firm Brochure***

**March 30, 2020**

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This brochure provides information about the qualifications and business practices of Omega Wealth Management, LLC. Reference to “Registered Investment Advisor” does not imply any certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 703-387-0919 ext. 1002 or at [Lisa@OmegaWealthManagement.com](mailto:Lisa@OmegaWealthManagement.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 Omega Wealth Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Omega Wealth Management, LLC is 132580.

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## Part 2A of Form ADV: *Firm Brochure*

### **Item 2. Summary of Material Changes**

This Item discusses specific material changes regarding our firm and services that are made to the Brochure and provides clients with a summary of such changes.

Pursuant to current SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

#### **Material Changes**

*We have the following material changes to report since the last annual filing of our Firm Brochure that was dated March 22, 2019:*

- *We have updated the way we calculate the first invoice for Life/Wealth Advisory fees. We will pro-rate the first fee invoice for any Client who begins service after the second month in any calendar quarter. For example, a Client who begins service in the first calendar quarter in March will receive an invoice that has been pro-rated because they did not receive service in the first two month of the first quarter (i.e., January and February). Subsequent quarterly invoices will be for the balance of the fixed fee divided by the number of quarters of service remaining. (Item 5)*
- *We are now offering our Limited Term Advisory Service again. OWM offers two six month Transition Planning engagements; career transition planning and general transition planning which includes inheritance, divorce, death of loved one or other significant life changing events. The Transition Planning Service provides analysis and coaching using several assessments such as Kolbe and StrengthsFinder to determine your "best fits" from a career/job perspective, review of risk tolerance using the Finametrica risk tolerance profiling system, a written financial / life plan, and assistance with coordination of your advisors' (accountant, attorney, etc.). Five meetings are scheduled plus interim communications as needed. The fee for this 6 month engagement is \$6,000 and may be adjusted upwards for added planning complexity, non-standard services and time which may be required as a result of (but not limited to) complex securities in the portfolio, business ownership, client special requests, complicated life transitions, etc. Clients will be billed one half of the fee upon signing the fee agreement, and the remaining half of the fee 3 months later. Checks are made payable to Omega Wealth Management LLC. (Items 4 and 5)*
- *We have clarified the content, frequency and source of the reports clients receive regarding their advisory accounts. (Item 13)*

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## **Item 4. Advisory Business**

Omega Wealth Management, LLC (hereafter “OWM” or “we”) is a Virginia limited liability corporation and a registered investment adviser with the U.S. Securities and Exchange Commission and has its principal place of business in Arlington, VA. Our firm has been in business since 1999. The firm is owned by and managed by Lisa A. Kirchenbauer, President and shareholder.

As of December 31, 2019, OWM was managing \$141,416,512 of client assets: \$118,473,951 on a non-discretionary basis and \$22,942,561 on a discretionary basis.

OWM offers the following advisory services, where appropriate, to individuals, trusts, estates, corporations, and other business entities.

### **Ongoing Life/Wealth Planning**

OWM'S business mission is to advise and guide clients in implementing appropriate financial and life planning strategies so that they can maximize their financial capacity to achieve their life and wealth goals.

To accomplish this mission, Omega Wealth Management:

1. leads clients through a formal process to identify their most significant life and wealth goals,
2. assesses the financial opportunities, obligations, and threats faced by each client,
3. educates the client about their financial concerns,
4. coordinates action by the client and appropriate professionals (e.g. portfolio managers, lawyers, accountants, bankers, insurance agents, brokers, book-keepers) to take care of those concerns.

In general, OWM gathers required information through in-depth client interviews and coordination with client's advisors. In addition to the in-depth interviews, OWM utilizes various assessments such as Kolbe and Riskalyze to better understand the client's risk tolerance and how to best work with the client. Information gathered includes a client's current financial status, future goals and attitudes towards risk, as well as the following areas of concern:

Personal: Family records, budgeting, personal liability, estate information and financial goals.

Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years. OWM will illustrate the impact of various investments on a client's current income tax and future tax liability.

Education Funding: Assessing expected needs for private, college and graduate school costs. Determining best funding strategies and related issues that may impact funding such as insurance planning.

Investment Risk: Completion of a questionnaire and computer analysis to provide guidance as to clients' attitude and tolerance for investment risk.

Insurance Risk Management: Analysis of areas of risk to a client's financial situation in case of death, disability or the need for long-term care in addition to a general review of their property and casualty coverage.

Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.

Estate Planning: Review the client's current estate planning documents. Determine current and recommended titling and beneficiary designations based on client's preferences and needs.

Portfolio Monitoring: Assisting in the establishment of custodial accounts and investment management relationships not provided by OWM, review and monitoring of investments relative to the client's overall investment strategy and appropriate benchmarks, and the effect of those accounts on a client's overall financial situation.

Financial Life Planning Issues and Advice: A main focus of OWM is to provide financial education and coaching on life planning issues and concerns. Advice and planning analysis on various financial and life planning issues includes business, financial and life transitions.

Though OWM will support and coordinate action by the client regarding these concerns, implementation of the appropriate financial strategies depends upon the client taking action and is entirely at the client's discretion. Recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

### **SmartStart Planning Services**

OWM offers ongoing, simplified financial life planning services for younger clients. Through a brief financial life planning process, a summary review of the client's life planning goals and financial situation will be provided. The initial process includes assessments such as Kolbe and Riskalyze to understand the client's risk tolerance and how to best work with the client. After the initial phase of work, an on-going relationship can be established for periodic consultation and on-going education.

In general, the financial plan can address any or all of the following areas:

Personal: We review basic personal and work information, discuss financial and life goals.

Cash Flow/Debt Management: We review and assess current spending, debt and savings.

Tax: If appropriate, we review the most-recent tax return to determine any changes that may need to be considered and help the client determine whether they can do their own tax preparation or need to seek out professional assistance.

Benefits Review: We review, if applicable, the client's employment benefits including health, disability and life insurance, retirement plan options and any other benefits available through work.

Investments: We review any existing investments that the client has and determine whether there are changes that need to be considered based on the client's risk tolerance, goals and timeline.

Estate: We review the client's current circumstance to determine whether there is a need for estate planning at this point in the client's life.

Typically, the initial SmartStart process will be completed within 3 months provided that all the information needed to prepare the analysis is promptly provided. The end of the process will include the delivery of a brief summary of where the client stands in the areas listed above. Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

In the on-going phase of the relationship, once the initial analysis has been presented, we may recommend that the client establishing a client-directed account on the *Betterment for Advisors* platform. We will provide guidance on potential or appropriate model investment portfolios available at Betterment. The Client will be responsible for account set-up, on-going management, deposits/withdrawals, and any trading that is required. We will periodically review account performance with the Client as needed.

The Client will also have access to periodic educational webinars in order to be kept up-to-date on planning areas (e.g., updates to the tax law), and to provide the client with guidance on how to achieve certain goals (e.g., paying off student debt).

## **Limited Term Advisory Services**

**Transition Planning Service:** OWM offers two six month Transition Planning engagements; career transition planning and general transition planning which includes inheritance, divorce, death of loved one or other significant life changing events. The Transition Planning Service provides analysis and coaching using several assessments such as Kolbe and StrengthsFinder to determine your "best fits" from a career/job perspective, review of risk tolerance using the Finametrica risk tolerance profiling system, a written financial / life plan, and assistance with coordination of your advisors' (accountant, attorney, etc.)

**Pro Bono Service:** In an effort to create opportunity and success for people who may not be able to take advantage of our fee based services, OWM offers a one time, general planning meeting to qualified individuals and couples and to our clients' young adult children and lower income parents. To qualify income must be under \$65,000 for couples and \$40,000 for individuals.

## **Investment Management Services**

In conjunction with its Life/Wealth Planning service, OWM provides investment advice to clients using a goals-based investment philosophy. Through personal discussions which identify client's goals and objectives, OWM creates and manages portfolios based fundamentally on the time horizon for each goal, investment objective (capital appreciation, growth, income, or growth and income), the client's risk tolerance and tax bracket. The tool used to measure risk tolerance is the Riskalyze Risk Profiling Assessment. Preservation of and prudent long-term growth of capital is at the heart of our approach; market timing is not.

OWM works with its clients to select appropriate investment strategies that support their goals, risk tolerance and tax considerations. Our advice is generally limited to exchange-listed securities, mutual fund shares and bonds (e.g., United States governmental securities, corporate debt securities, and municipal securities.)

OWM will manage these advisory accounts on a discretionary or non-discretionary basis. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on their behalf and will retain individual ownership of all securities.

## **OWM Mutual Fund Models**

Clients may choose to invest in one of 4 Tax-Managed or 4 Non Tax-Managed Socially Responsible Investment ("SRI") portfolios which are based on the general investment philosophy described above. These SRI Models are structured to maintain a diversified portfolio of stock, bond, alternative and cash mutual funds which support a broad array of Environmentally Sustainable Governance principles and are rebalanced to the original allotted allocations annually. The SRI Models in each of the Tax-Managed and Non Tax-Managed portfolios include four risk profile categories (Conservative, Moderate, Market Growth and Aggressive).

OWM will manage these SRI Models on a non-discretionary basis with limited time and price discretion for purposes of periodic rebalancing, additions and withdrawals within the mutual funds of the OWM SRI Models selected by the client.

## **SEI Management Program**

OWM offers clients access to asset allocation portfolios and managed account solutions available through selected programs offered by SEI Investments Management

Corporation ("SIMC"), a federally registered investment adviser. Account services are divided between SEI and OWM. Under these programs, each client enters into a tri-party agreement with OWM and SIMC which sets forth the terms under which the clients designated assets will be managed. SIMC constructs portfolios of SEI Funds using quantitative and qualitative analyses, and continuously monitors the portfolios, rebalancing and/or reallocating when deemed necessary.

The services that OWM provides in connection with all SIMC programs generally include the following:

1. Collecting information about clients and assisting them in selecting the appropriate program and in designating assets to be managed;
2. Assisting client in determining their investment objectives, investment time horizons, and risk profiles;
3. Assisting clients in selecting an asset allocation policy within the parameters of the program selected;
4. Making investment recommendations consistent with the asset allocation policy
5. On-going monitoring of the client's portfolio and recommending changes to the investment strategy as warranted; and
6. Serving as primary client contact, including periodically conferring with clients about their accounts and responding to client inquiries.

A brief description of each program is as follows. For more information about the programs generally, about SIMC, and about the fees SIMC charges in connection with the programs see SIMC's Form ADV, Part 2 Firm Brochure or the applicable program wrap fee brochure.

**Managed Account Program (including ETF portfolios):** The Managed Account Program is a wrap fee program which charges a bundled fee that includes advisory, brokerage and custody services. In this program, OWM and the Client select an investment strategy ("Strategy") which is then submitted and reviewed by an SIMC Investment Adviser Representative. Using the Strategy, SIMC may invest client assets in mutual funds advised or administered by SIMC or its affiliates ("SEI Funds"); or in outside money managers ("Sub Advisers") hired by SIMC may invest client assets in individual securities. Client accounts may invest in a combination of individual securities and SEI Funds. The Managed Account Program offers a tax-management feature called ("IMAP") under which SIMC selects one sub-adviser to serve as tax manager for the account. SIMC charges an additional fee for this service. Through the Managed Accounts Program, clients can utilize the SEI Tactical and Tax-Managed ETF Strategies.

**Private Client Model Program:** In this program, OWM and the Client select an investment strategy and choose from one of many mutual fund asset allocation models, which may be provided by SEI Investments Management Corporation ("SIMC"), or purchase the individual mutual funds.

The Client, through OWM using limited time and price discretion, may adjust their asset allocation to help ensure that the mix reflects the objectives of their chosen strategy.



Investment options include SEI's Managed Account Program, Private Client Models and may also include individual mutual funds. SIMC expects to make changes to the Private Client Models periodically. Upon consent from OWM (on behalf of the client), the asset allocation changes will be made to the client's accounts.

## **Consulting Services**

Under exceptional circumstances only, clients may also receive advisory services on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. OWM also provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, OWM provides advice on non-securities matters. Generally, this is in connection with estate planning, insurance, and/or annuity advice.

## **Seminars, Workshops, and Public Speaking**

OWM staff members may, from time to time, be engaged to present workshops, seminars or speak publicly on a range of topics including financial life planning, traditional financial planning and investments. They may be compensated for their time, travel costs and cost of materials. They may also charge a fee for participation in the program or receive a portion of any fee paid by participants.

OWM staff members will not provide specific investment advice to any participants as part of the public presentation. Specific advice can only be provided through the regular individual OWM advisory services.

## **Item 5. Fees and Compensation**

**Life/Wealth Advisory Fee:** OWM's Life/Wealth Advisory fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

OWM's fee is calculated and charged on a fixed fee basis, typically ranging from \$8,000 to \$40,000 annually. The exact fee is negotiated with the client and is then specified in the Life & Wealth Planning Agreement.

Clients will be billed quarterly in advance based on the total annual agreed-upon Life/Wealth Advisory fee. OWM will pro-rate the first fee invoice for any Client who begins service after the second month in any calendar quarter. For example, a Client who begins service in the first calendar quarter in March will receive an invoice that has been pro-rated because they did not receive service in the first two month of the first quarter (i.e., January and February). Subsequent quarterly invoices will be for the balance of the fixed fee divided by the number of quarters of service remaining. Clients can pay by physical check, digital bank draft (*i.e.*, PaySimple®) or debit from their custodial account.

OWM will honor existing fee agreements for clients who have a prior relationship with Kirchenbauer Financial Management and Consulting, and may offer special arrangements for related family members.

**SmartStart Planning Fees:** The Client will pay an initial planning fee of \$750 and an ongoing planning fee of 1% of Client's gross household income to be paid on a monthly basis. For example, the annual fee for a married couple with an annual household gross income of \$120,000 is \$1,200 per year and will be invoiced \$100 per month. OWM requires a minimum fee of \$50/month for this service.

The monthly fee will be directly debited from the client's bank account monthly in advance according to the client's authorization in the Client Agreement.

If the Client establishes a *Betterment for Advisors* account with Betterment, LLC ("Betterment"), the Client should refer to Betterment's disclosure documents for information regarding Betterment's fees, billing practices, minimum required investments and termination of advisory agreements. We will provide these disclosure documents to our clients at the time of making the referral to Betterment. There are no investment management fees applied to accounts at Betterment.

## **Limited Term Advisory Services**

**Transition Planning Fee:** Five meetings are scheduled plus interim communications as needed. The fee for this 6 month engagement is \$6,000 and may be adjusted upwards for added planning complexity, non-standard services and time which may be required as a result of (but not limited to) complex securities in the portfolio, business ownership, client special requests, complicated life transitions, etc. Clients will be billed one half of the fee upon signing the fee agreement, and the remaining half of the fee 3 months later. Checks are made payable to Omega Wealth Management LLC.

**Investment Management Fee:** Our annual fees for Non-Discretionary Investment Management services are based upon a flat percentage of assets under management and generally range from 0.30% to 1.00%.

Our annual fees for Discretionary Investment Management services are based upon a tiered percentage of assets under management according to the following fee schedule:

- 1.00% of the first \$1,000,000
- 0.75% of the amount in excess of \$1,000,000

Depending on the arrangement with the client, fees will be invoiced in advance or arrears.

***For fees billed in advance:*** Clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. With client approval, fees may be withdrawn

directly from client accounts or paid by check made payable to Omega Wealth Management LLC.

***For fees billed in arrears:*** Clients will be invoiced in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. With client approval, fees may be withdrawn directly from client accounts or paid by check made payable to Omega Wealth Management LLC.

**SEI Management Program Fee:** The client will pay additional and separate fees to SIMC for the services provided by SIMC and its affiliates under the program. Please refer to SIMC's Form ADV Part 2 Firm Brochure or the applicable program wrap fee brochure for additional information on their fees and compensation. SEI Management Fees are withdrawn directly from client accounts on a quarterly basis. Upon written notification, the program agreement may be terminated by SIMC, OWM or the client. Prorated fees will be charged based on market value on the date notice is received.

**Consulting Service Fee:** In certain circumstances, fees for specific administrative and other consulting services will be billed on an hourly basis, ranging from \$250 - \$350 per hour, depending on the nature and complexity of each client's circumstances. An estimate for total hours will be determined at the start of the advisory relationship. All Consulting fees are due and payable to Omega Wealth Management LLC upon completion of the work.

**Seminars/Workshops/Public Speaking Fee:** OWM staff members may, from time to time, be engaged to present workshops, seminars or speak publicly on a range of topics including financial life planning, traditional financial planning and investments. If fees are charged, they will be based on the amount of time to prepare and deliver the presentation and could range from \$500 to \$10,000 for a 1 hour to 1 day workshop; plus travel costs and cost of materials. They may also charge a fee for participation in the program or receive a portion of any fee paid by participants. The amount and timing of fee payments are negotiated prior to performance of the event and payable to Omega Wealth Management LLC.

#### **General Information on Fees and Services:**

Negotiability of Fees and Minimum Requirements: In certain circumstances, all fees may be negotiable or waived. Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended).

Portfolio Valuation: OWM relies on SEI and Schwab for client portfolio valuation. OWM periodically reviews their valuation processes for adequacy.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to OWM's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements and advisory fees will differ among clients.

Termination of Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Mutual Fund Fees and Expenses: All fees paid to OWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fee will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or, in some cases, a deferred sales charge. A client could invest in a mutual fund or ETF directly, without the services of OWM. In that case, the client would not receive the services provided by OWM which are designed, among other things, to assist the client in determining which mutual fund(s) or ETF(s) are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by OWM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Mutual Fund Risks: Before investing in mutual funds, clients should understand that mutual funds and annuities are not insured by the FDIC or any other federal government agency and are not deposits or obligations of, guaranteed by, or insured by, the depository institution where offered or any of its affiliates. Mutual funds and annuities involve investment risk and may lose value.

Brokerage and transaction costs: Clients should be aware that they will pay commissions to broker dealers and other transaction costs to the custodians that are separate and distinct from the advisory fees charged by OWM. OWM in no way shares in these commissions.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

OWM in General: OWM is a Virginia-based limited liability corporation. This Firm Brochure provides clients with information regarding OWM and its advisory services that should be considered before becoming a client of OWM. This Firm Brochure also provides information about the qualifications and business practices of OWM. 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.

Any representation to the contrary is illegal. Additional information about OWM is available on the Internet at "www.adviserinfo.sec.gov". You can search this site by a unique identifying number, known as a CRD number. The CRD number for OWM is 132580.

Use of "Registered Investment Adviser": Clients should be aware that the term "Registered Investment Adviser" does not imply any certain level of skill or training.

Privacy Policy: OWM does not disclose any non-public, personal information (such as name, address or tax identification number) about its clients or former clients to anyone except as permitted by applicable law or required by regulation.

OWM maintains physical safeguards to protect such unauthorized disclosure and will notify clients of its policies and practices in this regard on an annual basis or at any time at which there is a material change in its policies which would require their consent. OWM does not sell client lists. Even if you are no longer a client of OWM, our Privacy Policy will continue to apply to you. To conduct regular business, OWM may collect non-public personal information from sources such as: (a) information provided by you on applications or other forms you provide to us; and/or (b) information about your investment and securities transactions. Clients with questions regarding OWM's Privacy Policy should contact OWM.

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

As a matter of OWM policy and practice, we have not and do not offer or provide advisory services on a performance fee basis for any clients.

Side-by-side management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual and hedge funds, e.g., performance fee arrangements.

OWM currently does not have any performance based fee arrangements and does not provide advisory services to any mutual funds or hedge funds, therefore such potential or actual conflicts do not arise based on OWM's services and clients.

## **Item 7. Types of Clients**

OWM offers advisory and wealth planning services to individuals, estates, corporations, and other business entities.

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

**Methods of Analysis:** As part of its Life/Wealth Planning service, OWM may offer advice on any of the items indicated under Item 4.

For those clients participating in SEI's Managed Accounts Program, OWM will provide the client with a copy of SEI's Form ADV Part 2 Firm Brochure.

Clients should refer to SEI's Form ADV Firm Brochure for information on the types of investments, methods of analysis, sources of information and investment strategies used by SEI in servicing client accounts.

Fundamental analysis: Fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis school of thought maintains that markets may mis-price a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mis-priced security and then waiting for the market to recognize its "mistake" and re-price the security. However, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Technical analysis: Technical analysis seeks to identify price patterns and trends in financial markets and attempt to exploit those patterns. We follow and examine such indicators as price, volume, moving averages of the price and market sentiment. Since technical analysis predictions are only extrapolations from historical price patterns, investors bear risk that these patterns will not reoccur as expected.

Qualitative analysis: We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation: Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual fund and/or ETF analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to continue or replicate that success in the future.

In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value.

There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less appropriate for the client's portfolio.

Risks for all forms of analysis: Our securities analysis methods rely on the assumption that the companies whose securities we recommend, purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are aware that indications, reporting or data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **Investment Strategies**

Omega Wealth Management uses the following strategies in managing client portfolios:

Goals-based approach: We utilize a goals-based approach to create client portfolios based on the Client's risk tolerance, timeline and tax considerations. Often this may include establishing multiple accounts to allocate appropriate assets for each goal, invested in different investment strategies. Goals and the account strategies are regularly revisited to determine changes in goals, cash needs, and other changes that may impact the structure of the Client's portfolio. Shorter-term goals generally have less aggressive investment strategies and longer-term goals have more growth-oriented strategies. This goals-based approach also includes diversification across active and passive investment strategies, where possible.

Tax management: Depending on the Client's current and future tax situation, we will recommend particular strategies that may help support the Client's overall tax situation. Utilizing separately managed accounts, tax managed mutual fund strategies and exchange-traded fund strategies may be employed to support the Client's tax planning needs.

Long-term purchases: We purchase securities with the idea of holding them in a client's portfolio for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this asset class or security.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client.

Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: On rare occasions we may purchase securities with the idea of selling them within a relatively short time (typically a year or less). We may do this in an attempt to take advantage of market conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Margin transactions: We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings.

Securities-Backed Lines of Credit: We may recommend a Securities-Backed Line of Credit (“SBLOC”) as part of our investment strategies. SBLOCs are loans borrowed against the assets in an investment portfolio without having to liquidate the securities. Risks of an SBLOC include unintended tax consequences and the possibility of having to sell your holdings, which could have a significant impact on your long-term investment goals. If the value of the securities you pledge as collateral decreases, you may need to come up with extra money quickly, or your positions could be liquidated. SBLOCs are non-purpose loans, which means you may not use the proceeds to purchase or trade securities.

For all strategies: Investments in securities are not guaranteed, and you may lose money on your investments. We make significant efforts and inquiries to help us understand your tolerance for risk and any changes in your financial objectives and circumstances. We also request that clients notify us of any such changes promptly.

**Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.**

## **Item 9. Disciplinary Information**

Our firm, its principal and associated persons have no reportable disciplinary or regulatory events to disclose.

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

OWM may provide non-advisory consulting to clients on topics such as business



succession and coaching for separate and typical compensation. OWM may typically spend approximately 5% of their time with these related activities.

Lisa Kirchenbauer, President of Omega Wealth Management, LLC also owns and operates Omega Wealth Consulting, LLC. Omega Wealth Consulting offers training, coaching and consulting services to institutions, small businesses and individuals in the areas of business and life planning. Omega Wealth Management, LLC is Ms. Kirchenbauer's primary business. In her capacity with Omega Wealth Consulting, Ms. Kirchenbauer will earn separate and distinct compensation as owner and manager.

Clients should be aware that the receipt of additional compensation by our firm and its associated persons creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations.

We endeavor at all times to put the interest of our clients first as part of its fiduciary duty as a registered investment adviser and takes the following steps to address this conflict:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
2. We disclose to clients that they are not obligated to purchase recommended investment products from our employees;
3. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
4. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
5. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
6. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
7. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

OWM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. OWM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth their practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with OWM may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of OWM that no person employed by OWM shall prefer his or her own interest to that of an advisory client or

make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, OWM requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. Prior approval must be given for purchase or sale of any individual securities, IPO or private placements (limited offerings).

OWM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. OWM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to disciplinary measures.

OWM will provide a copy of its Code of Ethics to any client upon request to the Chief Compliance Officer at OWM's principal address.

OWM or any related person(s) may have an interest or position in certain securities which may also be recommended to a client.

As these situations may represent a conflict of interest, OWM has established the following additional restrictions in order to ensure its fiduciary responsibilities:

1. A director, officer or employee of OWM shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.
2. OWM maintains records of all securities holdings for itself, and anyone associated with this advisory practice. These holdings are reviewed on a regular basis by the principal executive officer of OWM.
3. All clients are fully informed that certain individuals outside OWM (e.g. brokers) may receive separate compensation when effecting securities and/or insurance transactions during the implementation process.
4. OWM emphasizes the unrestricted right of the client to decline to implement any advice rendered.
5. OWM emphasizes the unrestricted right of the client to select and choose any broker or dealer and/or insurance company they wish.
6. Any individual not in observance of the above may be subject to termination.

## **Item 12. Brokerage Practices**

**Investment Management Services:** As OWM does not have discretionary authority to determine the broker-dealer to be used or the commission rates to be paid for unmanaged accounts, Life/Wealth Advisory Service clients seeking OWM's Portfolio Monitoring services must direct OWM as to the broker-dealer to be used for their account(s). In directing the use of a particular broker-dealer, it should be understood that OWM will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients. OWM may recommend any one or more of several brokers-dealers, but OWM clients should independently evaluate these brokers before opening an account.

**SEI Management Services:** For the SEI Managed Account Program and Private Client Model Program ("Programs"), clients are required to use SEI Investment Distribution Co. ("SIDCO"), a FINRA registered broker/dealer, for the placement of all trades. Therefore, OWM, through its recommendation of the SEI Programs, is recommending SIDCO as the broker/dealer to be used. As OWM will not request the discretionary authority to determine the broker/dealer to be used or the commission rates to be paid in these situations, clients must direct OWM to utilize SIDCO. In directing the use of a particular broker or dealer, it should be understood that OWM will not have the authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers. SEI Private Trust Company acts as the transfer agent and custodian for SEI accounts. OWM's client accounts are required to be maintained at SEI Private Trust Company in order to participate in SEI's Programs.

In special circumstances, OWM may recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. OWM is independently owned and operated and not affiliated with Schwab. We have evaluated Schwab and believe that it can provide our clients with a blend of execution services, commissions and professionalism that will assist our firm in meeting our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Schwab if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. Clients should note, while we have a reasonable belief that Schwab is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct use of a particular broker-dealer.

## **Best Execution**

Obtaining best execution for our clients is an important aspect of our fiduciary duty. Consequently, we have controls in place to monitor trade executions. We review the quality of services provided by Schwab and SIDCO including the accuracy and speed of execution, commission rates, transaction fees, reputation and integrity, reporting, fairness in resolving disputes, financial responsibility and responsiveness. Although the commissions and/or transaction fees paid by our clients generally comply with our duty to obtain best execution, clients may pay a commission that is higher than what another qualified custodian might charge to effect the same transaction when we determine, in good faith, that the commission or transaction fee is reasonable in relation to the value of the brokerage and research services we receive from SIDCO. 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 custodian's services, including the value of research provided, execution capability, commission rates, and responsiveness. Best execution is also about pricing, not just fees. Accordingly, although we seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions. The brokerage commissions or transaction fees charged by the custodian are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if the securities we purchase are no-load mutual funds that are traded at net asset value as determined at the daily market close.

**Research and Other Soft Dollar Benefits:** SEI Investments Management Corporations ("SIMC") may provide to us, without cost, computer software and related systems support which allow us to better monitor client accounts which they maintain. We receive the software and related support without cost because we manage accounts for clients that maintain assets at SEI. The software and related systems support may benefit our firm but may not directly benefit our clients. While we endeavor at all times to put the interests of our clients first, the receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence our choice of over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, we may receive the following benefits from SIMC:

- receipt of duplicate client confirmations and bundled duplicate statements;
- access to a trading desk that exclusively services its participants;
- access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- access to an electronic communication network for client order entry and account information.
- reimbursement of certain travel expenses when attending SIMC events

OWM receives a benefit because we do not have to produce or pay for the research, products or services. Therefore, we may have an incentive to select or recommend SIMC's programs based on our interest in receiving the research or other products or services, rather than on the client's interest in receiving most favorable execution. The

benefits received through participation in SIMC's programs may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, SIMC's affiliates SIDCO and SEI Private Trust Company, respectively.

**Consulting Services:** Consulting clients will be required to select their own broker dealers for the implementation of consulting recommendations. OWM may recommend any one of several brokers. OWM clients must independently evaluate these brokers before opening an account. The factors considered by OWM when making these recommendations are the broker's ability to provide professional services, OWM's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. OWM's consulting clients may use any broker or dealer of their choice.

**SEI Select Advisor Council:** OWM staff members may also receive compensation in the form of hotel lodging, meals, and marketing/event financial support as part of their relationship with SEI. When part of the SEI Select Advisors Council, OWM receives benefits that it would not receive if it did not recommend SEI's investment management services to OWM's clients.

The benefits received through participation in SEI programs may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, SEI Investments.

**Aggregation and Allocation of Investments:** As a matter of firm policy and practice, OWM does not generally block trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

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

**Account Reviews:** While the underlying securities in accounts covered by all of our Investment Management Services will be continuously monitored, these accounts will be formally reviewed at least two times a year by the President of OWM, Lisa Kirchenbauer and/or Kathy Frakes, Associate Financial Advisor or Jared Jones, Associate Financial Advisor. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, economic or political environment.

Life/Wealth Advisory clients who do not participate in any of our Investment Management Programs will have accounts reviewed at least semi-annually if OWM has access to outside performance data.

SmartStart Planning clients receive two meeting per year, or as needed, to review the client's progress on the plan actions steps and address new and seasonal issues (such as tax planning. Ongoing plan updates are done as needed.

### **Client Reporting:**

Clients will receive quarterly performance reports containing portfolio breakdown and asset allocation, time-weighted return quarter-to-date and year-to-date with benchmarks, contributions, withdrawals, realized/unrealized gain/loss and disclosures.

Clients participating in SEI's Management Program(s) receive quarterly reports from SEI.

Clients who have discretionary accounts held at Charles Schwab will receive performance reporting from OWM that is generated by CAMS Principia software.

Clients who have non-discretionary accounts held at Charles Schwab will receive consolidated portfolio data aggregation reports provided by SEI.

Clients are urged to carefully review each statement. In order to ensure that all account transactions, holdings and values are correct and current, we recommend that clients compare our firm's statements with the statements received from their independent qualified custodian(s).

SmartStart Planning clients receive a completed financial life plan. Additional, ongoing reports will be provided if contracted for.

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

Omega Wealth Management has worked with many professionals over the years and has selected several of them to refer to our clients. These selections are based upon level of knowledge and qualifications in their fields, high standards of professionalism and ability to collaborate effectively with OWM.

#### **Client Referrals:**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

**Other Compensation:**

Our firm may receive marketing and event support or other benefits for referring clients to other financial professionals we recommend (i.e., insurance, advisors, CPAs, mortgage brokers, attorneys, etc.) While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving potential support creates a conflict of interest and may affect our judgment when making referrals.

**Item 15. Custody**

Our firm has custody of certain of our clients' assets through our ability to log into clients' accounts using the client's User ID and password. We also have standing letters of authorization with certain clients that cause our firm and related persons to have custody of client funds and securities. Accordingly, we are subject to an annual surprise examination of certain of these accounts by an independent accountant in order to verify that client funds and securities of which we have custody are held by a qualified custodian in a separate account under the client's name or in accounts that contain only clients' funds and securities under the firm's name as agent or trustee for the clients. While we continue to have arrangements with clients that grant us custody of their assets, an independent accountant will conduct a surprise examination and submit Form ADV-E "Certificate of Accounting of Client Securities and Funds in the Possession or Custody of an Investment Adviser Pursuant to Rule 206(4)-2" on an annual basis.

***Direct Debiting of Advisory Fees.*** We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that the client may grant our firm authority to receive payments directly from the client's account, a limited form of custody.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send reports outlining their current positions, security cost basis, and current market values directly to our clients on an annual basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16. Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us the discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change such limitations by once again providing us with written instructions.

## **Item 17. Voting Client Securities & Legal Proceedings**

As a matter of OWM firm policy and practice, our firm does not vote proxies on behalf of advisory clients. Our client advisory agreement provides that our advisory clients expressly retain the authority and responsibility for voting proxies of portfolio securities. OWM may provide advisory clients with consulting assistance regarding proxy issues but the clients have the responsibility to receive and vote any proxies.

Further, clients should note that OWM does not advise or act on behalf of any client in legal proceedings, e.g., class actions or bankruptcies involving companies whose securities are held or previously were held by a client, including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

## **Item 18. Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. OWM has no such financial circumstances to report.

OWM has not been the subject of a bankruptcy petition at any time during the past ten years.

Under no circumstances will OWM require or solicit \$1,200 or more in advisory fees six or more months in advance of services rendered.