

# Alpha & Omega Financial Management Consultants Inc. Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Alpha & Omega Financial Management Consultants. If you have any questions about the contents of this brochure, please contact us at (619) 462-7812 or by email at: [thanasi@thelawcorp.com](mailto:thanasi@thelawcorp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Alpha & Omega Financial Management Consultants is also available on the SEC's website at <https://adviserinfo.sec.gov/>. Alpha & Omega Financial Management Consultants' CRD number is: 105548.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Alpha & Omega Financial Management Consultants on February 3, 2022 are described below. Material changes relate to Alpha & Omega Financial Management Consultants' policies, practices or conflicts of interests.

- Litsa Stella Preovolos is no longer an owner and Athanasios K. Preovolos is now an owner of Alpha & Omega Financial Management Consultants.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Alpha & Omega Financial Management Consultants (hereinafter "A&O") is a corporation organized in the State of California. The firm was formed in January 1975, and later incorporated in February of 1978, and the owners are Athanasios K. Preovolos, Peter Emanuel Preovolos and the Preovolos Family Trust 1979. Athanasios K. Preovolos is the firm's Chief Compliance Officer and CLO, Spiro George Preovolos is the firm's Chief Operating Officer.

The firm has been registered with the Securities and Exchange Commission since February 1994 and is currently seeking registration with the State of California, Colorado, Florida, Louisiana, New York and Texas.

### B. Types of Advisory Services

#### *Portfolio Management Services*

A&O offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. A&O creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

A&O evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

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

A&O may direct clients to third-party investment advisers to manage all or a portion of the client's assets. Before selecting other advisers for clients, A&O will always ensure those other advisers are properly licensed or registered as an investment adviser. A&O conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. A&O then makes investments with a third-party investment adviser by referring the client to the third-party adviser. A&O will review the ongoing performance of the third-party adviser as a portion of the client's portfolio.

### ***Model Portfolio Management***

A&O will invest and reinvest the assets in Client's account in the securities or other property that comprises a model portfolio for Client based upon Client's financial circumstances, investment objectives and any special instructions or limits, all as outlined in the IPS. Each Model shall be comprised exclusively of shares of open-end investment companies.

### ***Pension Consulting Services***

A&O offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- Providing a sample Investment Policy Statement ("IPS") for consideration and review by the Sponsor
- Establishing necessary investment categories ("Necessary Investment Categories") in major asset classes for the Plan's investment menu, which are designed to ensure the Plan offers a "broad range of investment alternatives" under ERISA Section 404© and the related U.S. Department of Labor regulations (the "DOL Regulations"), as well as certain other optional investment categories ("Optional Investment Categories");
- Maintaining a list ("Approved List") of approved investment alternatives in each of the Necessary Investment Categories as well as the Optional Investment Categories. The Approved List is designed to be used by the Sponsor to select the designated investment alternatives ("DIAs") for the Plan's menu in accordance with the guidelines
- Identifying investment alternatives on the Approved List that may serve as the Plan's Qualified Default Investment Alternative ("QDIA"), if applicable;
- On-going monitoring of the investment alternatives on the Approved List as well as the removal and replacement of investment alternatives from the Approved List from time to time, as necessary;
- Recommending a replacement investment alternative when an investment alternative that is a DIA in the Plan's investment menu is removed from the Approved List. Any replacement investment alternative that is recommended will also be from the Approved List.
- Preparation and Delivery of Reports:
  - Portfolio holdings
  - Quarterly investment summary

- Quarterly investment actions
- Supplementary investment-related educational information

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

### ***Services Limited to Specific Types of Investments***

A&O generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), equities, ETFs (including ETFs in the gold and precious metal sectors) and treasury inflation protected/inflation linked bonds. A&O may use other securities as well to help diversify a portfolio when applicable.

### ***Written Acknowledgement of Fiduciary Status***

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

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

A&O offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent A&O from properly servicing the client account, or if the restrictions would require A&O to deviate from its standard suite of services, A&O reserves the right to end the relationship.

### D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees and transaction costs. A&O does not participate in wrap fee programs.

### E. Assets Under Management

A&O has the following assets under management:

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated: |
|------------------------|----------------------------|------------------|
| \$ 93,676              | \$ 29,357,726              | December 2022    |

## Item 5: Fees and Compensation

### A. Fee Schedule

Lower fees for comparable services may be available from other sources.

#### *Selection of Other Advisers Fees*

A&O will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between A&O and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency. The fees charged will not exceed the 3% industry average.

A&O may direct clients to Altruist. The annual fee schedule is as follows:

| <b>Total Assets Under Management</b> | <b>A&amp;O's Fee</b> | <b>Third Party's Fee</b> | <b>Total Fee</b> |
|--------------------------------------|----------------------|--------------------------|------------------|
| \$0 - \$999,999                      | 1.00%                | 0.00%                    | 1.00%            |
| \$1,000,000 - \$2,999,999            | 0.90%                | 0.00%                    | .90%             |
| \$3,000,000 - AND UP                 | 0.75%                | 0.00%                    | .75%             |

A&O may direct clients to AssetMark. The annual fee schedule is as follows:

| <b>Total Assets Under Management</b> | <b>A&amp;O's Fee</b> | <b>Third Party's Fee</b> | <b>Total Fee</b> |
|--------------------------------------|----------------------|--------------------------|------------------|
| \$0 - \$249,999                      | 0.36%                | 0.64%                    | 1.00%            |
| \$250,000 - \$500,000                | 0.34%                | 0.61%                    | .95%             |
| \$500,001 - \$1,000,000              | 0.31%                | 0.54%                    | .85%             |
| \$1,000,001 - \$2,000,000            | 0.27%                | 0.48%                    | .75%             |
| \$2,000,001 - \$3,000,000            | 0.23%                | 0.42%                    | .65%             |
| \$3,000,001 - \$5,000,000            | 0.20%                | 0.35%                    | .55%             |
| \$5,000,001 - AND UP                 | 0.16%                | 0.29%                    | .45%             |

A&O may direct clients to SEI. The annual fee schedule is as follows:

| <b>Total Assets Under Management</b> | <b>A&amp;O's Fee</b> | <b>Third Party's Fee</b> | <b>Total Fee</b> |
|--------------------------------------|----------------------|--------------------------|------------------|
| \$0 - \$999,999                      | 1.00%                | 0.00%                    | 1.00%            |
| \$1,000,000 - \$2,999,999            | .75%                 | 0.00%                    | .75%             |
| \$3,000,000 - AND UP                 | .50%                 | 0.00%                    | .50%             |

These fees are negotiable.

### ***Model Portfolio Management Fees***

A&O may recommend model portfolio management through SEI Private Trust Company (SPTC). The annual fee schedule is as follows:

| <b>Total Assets Under Management</b> | <b>A&amp;O's Fee</b> | <b>Third Party's Fee</b> | <b>Total Fee</b> |
|--------------------------------------|----------------------|--------------------------|------------------|
| \$0 - \$999,999                      | 25 BPS               | 50 BPS                   | 75 BPS           |
| \$1,000,000 - \$2,999,999            | 25 BPS               | 45 BPS                   | 70 BPS           |
| \$3,000,000 - AND UP                 | 25 BPS               | 40 BPS                   | 65 BPS           |

SEI Wealth Platform charges a fee on small accounts, this fee is \$60 annually for accounts under \$50,000.



## *Pension Consulting Services Fees*

### **Asset-Based Fees for Pension Consulting**

**Account Minimum AUM is \$10,000 for all account types**

#### **Bundled Pricing (Wrap)\***

| AUM                        | Total OBS (Wrap) Fee | Advisor Fee | Total Combine Fee |
|----------------------------|----------------------|-------------|-------------------|
| \$10,000 - \$500,000       | 50 BPS               | 25 BPS      | 75 BPS            |
| \$500,000 - \$750,000      | 45 BPS               | 25 BPS      | 70 BPS            |
| \$750,000 - \$1,000,000    | 40 BPS               | 25 BPS      | 65 BPS            |
| \$1,000,000 - \$2,000,000  | 37 BPS               | 25 BPS      | 62 BPS            |
| \$2,000,000 - \$4,000,000  | 34 BPS               | 25 BPS      | 59 BPS            |
| \$4,000,000 - \$5,000,000  | 31 BPS               | 25 BPS      | 56 BPS            |
| \$5,000,000 - \$10,000,000 | 21 BPS               | 25 BPS      | 46 BPS            |
| \$10,000,000 and above     | 16 BPS               | 25 BPS      | 41 BPS            |

Bundled Pricing is recommended for accounts under \$240,000 (breakpoint based on SAF of fee of 1% or 100 BPS).

#### **Unbundled Pricing (Transactional)**

| AUM                        | OBS Fee | Advisor Fee | Total Combine Fee |
|----------------------------|---------|-------------|-------------------|
| \$10,000 - \$500,000       | 35 BPS  | 25 BPS      | 60 BPS            |
| \$500,000 - \$750,000      | 30 BPS  | 25 BPS      | 55 BPS            |
| \$750,000 - \$5,000,000    | 25 BPS  | 25 BPS      | 50 BPS            |
| \$5,000,000 - \$10,000,000 | 15 BPS  | 25 BPS      | 40 BPS            |
| \$10,000,000 and above     | 10 BPS  | 25 BPS      | 35 BPS            |

Unbundled pricing Plan Sponsors pay an Annual Account Fee of \$75 (paid \$18.75 per quarter). Ticket charges are incurred for any transaction that occurs in a Plan Sponsor account.

Fidelity per trade pricing applies to unbundled pricing. The cost per trade is \$20.50.

**NOTE: Fees are retro to dollar 1 (blended fee). For example 1st \$500k @ tier 1, 2nd \$250k @ tier 2,**

A&O uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

All assets within the Account, including money market assets, shall be included in calculating the value of the Account for purposes of determining the fee. For any partial billing period, the fee will be prorated based upon the number of days an Account was open during such period.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement.

Clients may terminate the agreement without penalty for a full refund of A&O's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the pension consulting agreement generally with 30 days' written notice. A&O uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

### **Fixed Fees**

The rate for creating client pension consulting plans is between \$1,800 and \$100,000. The final fee schedule will be memorialized in the client's advisory agreement. This service may be canceled with 30 days' notice.

The services for a \$100,000 financial plan would include detailed and ongoing analysis of the clients investment goals and objectives, detailed and ongoing analysis of the client's risk tolerance, ongoing research regarding appropriate investment benchmarks, ongoing review of the applicability of the benchmarks, coordination of the client's financial, estate planning, and tax planning goals and objectives, ongoing review of the client's risk tolerance, review of benchmarks in coordination with client's non-investible assets, including, but not limited to businesses, real estate, or contracts, ongoing review of client's personal balance sheet and income statement, ongoing review and coordination with client's businesses and business performance, coordination with client's tax optimization, tax planning and tax loss harvesting goals and objectives, net income goal setting and ongoing review, cash flow needs goal setting and ongoing review.

### **Hourly Fees**

The hourly fee for these services is between \$200 and \$550. The final fee schedule will be memorialized in the client's advisory agreement.

### ***Financial Planning Fees***

#### **Fixed Fees**

The negotiated fixed rate for creating client financial plans is between \$100 and \$100,000.

The services for a \$100,000 financial plan would include detailed and ongoing analysis of the clients investment goals and objectives, detailed and ongoing analysis of the client's risk tolerance, ongoing research regarding appropriate investment benchmarks, ongoing review of the applicability of the benchmarks, coordination of the client's financial, estate planning, and tax planning goals and objectives, ongoing review of the client's risk tolerance, review of benchmarks in coordination with client's non-investible assets, including, but not limited to businesses, real estate, or contracts, ongoing review of client's

personal balance sheet and income statement, ongoing review and coordination with client's businesses and business performance, coordination with client's tax optimization, tax planning and tax loss harvesting goals and objectives, net income goal setting and ongoing review, cash flow needs goal setting and ongoing review.

## **Hourly Fees**

The negotiated hourly fee for these services is between \$200 and \$550.

Clients may terminate the agreement without penalty, for full refund of A&O's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

## **B. Payment of Fees**

### ***Payment of Model Portfolio Management Fees***

Model portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in arrears.

### ***Payment of Pension Consulting Fees***

Asset-based pension consulting fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in arrears.

Fixed pension consulting fees are paid via check. These fees are paid 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

Hourly pension consulting fees are paid in arrears upon completion.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of Altruist as third-party adviser may be invoiced and billed directly to the client. Fees are paid quarterly in arrears.

Fees for selection of AssetMark as third-party adviser are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in advance.

Fees for selection of SEI as third-party adviser may be invoiced and billed directly to the client. Fees are paid quarterly in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check, cash and wire.

Fixed financial planning fees are paid 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan.

Hourly financial planning fees are paid in arrears upon completion.

### **C. Client Responsibility For Third Party Fees**

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

### **D. Prepayment of Fees**

AssetMark collects its fees in advance. When a client closes account(s) on the platform, the pro-rata refund of Advisory Fees are applied to the account at the beginning of the following month. Any Advisory Fees paid in advanced during the current calendar quarter are eligible for a pro-rata refund that can include deposits on new money, investment solution changes, journals between existing platform account(s), and the quarterly advanced billing.

Refunds are posted to the client's account by the 5th business day of the following month and deducted from the advisor's payout processed that month.

### **E. Outside Compensation For the Sale of Securities to Clients**

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

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

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

## Item 7: Types of Clients

A&O generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

There is a \$10,000 account minimum for retirement plan accounts. There is no account minimum for A&O's model portfolio account services.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

A&O's methods of analysis include Cyclical analysis, Fundamental analysis, Modern portfolio theory and Quantitative analysis.

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

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

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

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

#### *Investment Strategies*

A&O uses long term trading.

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

## **B. Material Risks Involved**

### *Methods of Analysis*

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

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

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

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

### *Investment Strategies*

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

**Selection of Other Advisers:** Although A&O will seek to select only money managers who will invest clients' assets with the highest level of integrity, A&O's selection process cannot ensure that money managers will perform as desired and A&O will have no control over the day-to-day operations of any of its selected money managers. A&O would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

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

### **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

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

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

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

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Risks in investing in ETFs include trading risks, liquidity and shutdown risks, risks associated with a change in authorized participants and non-participation of authorized participants, risks that trading price differs from indicative net asset value (iNAV), or price fluctuation and disassociation from the index being tracked. With regard to trading risks, regular trading adds cost to your portfolio thus counteracting the low fees that one of the typical benefits of ETFs. Additionally, regular trading to beneficially “time the market” is difficult to achieve. Even paid fund managers struggle to do this every year, with the majority failing to beat the relevant indexes. With regard to liquidity and shutdown risks, not all ETFs have the same

level of liquidity. Since ETFs are at least as liquid as their underlying assets, trading conditions are more accurately reflected in implied liquidity rather than the average daily volume of the ETF itself. Implied liquidity is a measure of what can potentially be traded in ETFs based on its underlying assets. ETFs are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments (as applicable). Foreign securities in particular are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Inflation Risk**, also known as Purchasing Power Risk, arises from the decline in value of securities cash flow due to inflation, which is measured in terms of purchasing power. Inflation Protection Bonds such as TIPS are the only protection offered against this risk. Floaters, the resetting of the interest rates, can help reduce inflation risk. All other bonds have fixed interest rates for the life of the bond, which exposes the investor to this risk.

**Interest Rate Risk** is the risk that an investment's value will change due to a change in the absolute level of interest rates, spread between two rates, shape of the yield curve, or in any other interest rate relationship. These changes can be reduced by diversifying or hedging, since the changes usually affect securities inversely.



**Economic Risk** is the chance that macroeconomic conditions like exchange rates, government regulation, or political stability will affect an investment, usually one in a foreign country.

**Market Risk**, also called systematic risk, is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial markets in which they are involved. This type of risk can be hedged against, but cannot be eliminated through diversification. Sources of market risk include recessions, political turmoil, changes in interest rates, natural disasters and terrorist attacks.

**Political Risk**, also known as geopolitical risk, is risk an investment's returns could suffer as a result of political changes or instability in a country. This becomes more of a factor as the time horizon of an investment gets longer. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control.

**Regulatory Risk** is the risk that a change in laws and/or regulations will materially impact a security, business, sector or market. These changes can increase the costs of operating a business, reduce the attractiveness of an investment, or change the competitive landscape, and are made by either the government or a regulatory body.

**Liquidity Risk** stems from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. It is typically reflected in unusually wide bid-ask spreads or large price movements. Typically, the smaller the size of the security or its issuer, the larger the liquidity risk.

**Credit Risk** traditionally refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations. While impossible to know exactly who will default on obligations, with proper assessment and credit risk management, the severity of loss can be lessened. A lender's or investor's reward for assuming credit risk include the interest payments from the borrower or issuer of a debt obligation.

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

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

A&O nor any management persons have any criminal or civil actions to report.

### **B. Administrative Proceedings**

A&O nor any management persons have any administrative proceedings to report.

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

A&O nor any management persons have any self-regulatory organization proceedings to report.

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

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

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

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

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

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

Fiel Armando Barrow acts as a real estate agent and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. A&O always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of A&O in connection with such individual's activities outside of A&O.

Spiro George Prevolos operates a trust company PenChecks Trust Company and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. A&O always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of A&O in connection with such individual's activities outside of A&O.

Peter Prevolos acts as Chairman Emetrius to a trust company PenChecks Trust Company and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. A&O always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of A&O in connection with such individual's activities outside of A&O.

Thanasi K Preovolos is a lawyer and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. A&O always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of A&O in connection with such individual's activities outside of A&O.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

A&O may direct clients to third-party investment advisers to manage all or a portion of the client's assets. A&O will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between A&O and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that A&O has an incentive to direct clients to the third-party investment advisers that provide A&O with a larger fee split. A&O will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. A&O will ensure that all recommended advisers are licensed or notice filed in the states in which A&O is recommending them to clients.

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

#### **A. Code of Ethics**

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

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

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

## **C. Investing Personal Money in the Same Securities as Clients**

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

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

From time to time, representatives of A&O may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of A&O to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, A&O will never engage in trading that operates to the client's disadvantage if representatives of A&O buy or sell securities at or around the same time as clients.

# **Item 12: Brokerage Practices**

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

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

A&O will require clients to use Fidelity Brokerage Services LLC, Pershing Advisor Solutions LLC, TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC, SEI, AssetMark, American Trust and Alerus.

### ***1. Research and Other Soft-Dollar Benefits***

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

### ***2. Brokerage for Client Referrals***

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

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

A&O will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

A&O does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

# **Item 13: Review of Accounts**

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

All client accounts for A&O's advisory services provided on an ongoing basis are reviewed at least Annually by Fiel Armando Barrow, Senior Investment Advisor, with

regard to clients' respective investment policies and risk tolerance levels. All accounts at A&O are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Fiel Armando Barrow, Senior Investment Advisor. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

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

With respect to financial plans, A&O's services will generally conclude upon delivery of the financial plan.

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

Each client of A&O's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

Model Portfolio Management clients will receive quarterly and annual performance reports of the account as the Client may reasonably request.

A&O will provide Retirement Plan clients Plan Sponsor with quarterly and annual performance reports of the Account as the Plan Sponsor may reasonably request.

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

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

A&O may also receive compensation from the selected third party advisers via a fee split.

A&O has access to a variety of economic benefits, services, and products in connection with A&O's use of SEI's investment adviser platform. The terms and availability of these benefits vary among advisors on the SEI platform (including A&O) depending on the business conducted with SEI and other factors. These services generally help A&O

conduct its advisory business, but each specific benefit does not necessarily benefit each client.

Beyond access to SEI investment products, these include conferences, seminars and other educational and networking activities, business entertainment, reimbursement of travel and attendance expenses, research and other investment support services (such as client proposal and other financial planning support), technical and operational solutions (including the SEI Wealth Platform), marketing assistance (including joint marketing designed to promote SEI investment products), compliance services, human resources consulting, risk management/insurance assistance, front office, middle office, back office and other administrative support (including providing clerical staff to assist in the completion of required paperwork), SEI attendance at client meetings, information technology services, continuity and succession planning, access to financing and banking options, trust services, portfolio reporting, automatic rebalancing, tax loss harvesting, waiver or payment of certain fees (including paying account transfer fees or other charges that A&O or its clients would incur when changing service providers), vendor discounts, discount pricing on SEI services, and broader practice management consulting. These benefits may be provided via SEI, its affiliates, or third parties and may be made available to A&O at no fee, at a discounted fee, or via financial compensation provided by SEI. Some of these offerings depend on A&O conducting a minimum amount or type of current or expected future business with SEI, or having a minimum account size or amount of assets under management with SEI or invested in SEI investment products. Certain of these services or products, including those provided by or paid for by SEI, may be used by A&O in connection with its general business activities, in addition to supporting A&O's interaction with SEI systems. The benefits, services, products, or payments discussed herein may be significant to A&O and create an incentive for the A&O to utilize SEI services or investment products for its customers rather than other service providers or investment products. However, A&O strives at all times to put the interests of its clients first, including when selecting custodians or investment products for clients. A&O is independently owned and operated; it is not affiliated with SEI.

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

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

### **Item 15: Custody**

A&O does not take physical custody of client assets at any time. When advisory fees are deducted directly from client accounts at client's custodian, A&O will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, in states that require it, A&O will:

- A. Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.



- B. Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- C. Send the client a written invoice itemizing the fee upon or prior to fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Clients are urged to compare the account statements they received from custodian with those they received from A&O.

### **Item 16: Investment Discretion**

A&O does not have discretion over client accounts at any time. A&O will properly secure the client's permission prior to effecting securities transactions in client accounts managed on a non-discretionary basis pursuant to California Code of Regulation, Section 260.237.2(f)(1).

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

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

### **Item 18: Financial Information**

#### **A. Balance Sheet**

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

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

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

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

A&O has not been the subject of a bankruptcy petition in the last ten years.



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

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

The education and business background of A&O current management persons/executive officers, Peter Emanuel Preovolos, Thanasi K. Preovols, and Spiro George Preovolos, can be found below;

#### **Peter Emanuel Preovolos**

##### ***Education***

Menlo College, Menlon, California, AA

University of Arizona, Tucson, Arizona, BA

American Institute of International Management, Glendale, Arizona BFT

##### ***Professional Designations:***

APA Accredited Pension Administrator, National Institute of Pension Administrators.

AIFA Accredited Investment Fiduciary Auditor, Center for Fiduciary Studies – fi360.

##### ***Work History***

Wells Fargo Bank 1966-1974

Union Bank 1974-1979

Alpha & Omega Financial Management Consultants, Inc. 1979-Present

PenChecks, Inc;; Chairman Emeritus; 1994 – Present

#### **Thanasi K. Preovolos**

##### ***Education***

USC Marshall School of Business – Bachelor of Science 1988-1992

Thomas Jefferson School of Law – JD 1992-1995

##### ***Work History***

Attorney – Preovolos Lewin 1996- present

#### **Spiro George Preovolos**

##### ***Education***

USC 1992-1997

##### ***Work History***

PenChecks, Inc. President September 2018 – Present

PenChecks, Inc. VP of Strategic Development Apr 2015 – September 2018

PenChecks, Inc. Director of Sales & Marketing Mar 2002 - Apr 2015

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

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All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

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

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

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at A&O or A&O has been found liable in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

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

Neither A&O, nor its management persons, has any relationship or arrangement with issuers of securities.