

## **Commonwealth Advisory Group, Ltd.**

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**Form ADV Part 2A  
Brochure**

**[WWW.COMGRP.NET](http://WWW.COMGRP.NET)**

**March 3, 2017**

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This brochure provides information about the qualifications and business practices of Commonwealth Advisory Group, Ltd. If you have any questions about the contents of this brochure, please contact us at 412.531.6040. 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 Commonwealth Advisory Group, Ltd is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Commonwealth Advisory Group, Ltd is 113347.

Commonwealth Advisory Group, Ltd is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

As a registered investment adviser, we must ensure that our brochure is current and accurate. If there have been any material changes to our disclosure brochure since our last annual update, we will provide a description of such material changes here.

Since our last annual updating amendment dated February 9, 2016, we have made the following update to Item 12 of our brochure:

Our firm receives PortfolioCenter software solutions that are provided by Schwab Performance Technologies. Schwab Institutional sponsors this arrangement where we are entitled to a discount of up to \$4,000 (up from 3,000) which is applied to the annual PortfolioCenter maintenance fees incurred during the first twelve months of services. We will be billed for all remaining maintenance fees, net of discounts. The discount applies to the first twelve months of service only. Thereafter, the standard fees for access to PortfolioCenter will apply.

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## Item 4 Advisory Business

Commonwealth Advisory Group, Ltd. is a registered investment adviser based in Pittsburgh, Pennsylvania. We are organized as a corporation under the laws of the Commonwealth of Pennsylvania. We have been providing investment advisory services since 1993. Robert Joseph Lohman, President/CEO/CCO, is our principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Portfolio Management Services**
- **Business Consulting and Financial Planning Services**

As used in this brochure, the words "we", "our" and "us" refer to Commonwealth Advisory Group, Ltd. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs.

### **Portfolio Management Services**

We provide investment advisory services through the use of no-load mutual funds, U.S. Government securities and tax-exempt bonds, although individual common or preferred stocks may also be used. Portfolios are developed based upon your goals, objectives, time horizon, and risk tolerance. Investment strategies used to implement investment advice are long-term in nature and primarily utilize a buy and hold philosophy. We also provide broad based financial planning services to nearly all of our clients. The investment advice provided varies depending upon the desires, objectives, and other preferences of our client.

As part of our portfolio management services, we may also offer our clients access to a network of third-party money managers ("TPMM"). We will, among other things, make recommendations regarding the suitability of a TPMM or investment style based on, but not limited to, your long-term goals, risk tolerance, time horizon, account profile, investment objectives and/or financial situation. All TPMM that we employ on your behalf must be either a state licensed investment adviser or an investment adviser registered with the Securities and Exchange Commission.

In addition to evaluating and recommending TPMMs, we will gather information about your financial situation, investment objectives and any reasonable restrictions you may wish to impose on the management of your account. We then monitor the TPMM's performance, review reports provided to you; contact you at least semi-annually to review your financial situation and objective, and assist you in understanding and evaluating the services provided by the TPMM. You are requested to promptly notify us of any material change in your financial situation, investment objectives, or account restrictions.

Our recommendations to use third-party money managers are included in our portfolio management fee. We do not charge you a separate fee for the selection of other advisers nor will we share in the advisory fee you pay directly to the TPMM. Advisory fees that you pay to the TPMM are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document provided by each TPMM to whom you are referred. These fees may or may not be negotiable. You should review the recommended TPMM's disclosure brochure for information on its fees and services.

You may be required to sign an agreement directly with the recommended TPMM(s). You may terminate your advisory relationship with the TPMM according to the terms of your agreement with them. You should review each TPMM's disclosure brochure for specific information on how you may terminate your advisory relationship with them and how you may receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with them.

Our Portfolio Management Services are provided on a non-discretionary basis and are based on the following fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Advisory Fee</u></b>
Up to \$250,000	2.00%
From \$250,001 to \$500,000	1.75%
From \$500,001 to \$1,000,000	1.50%
Over \$1,000,000	1.00%

Typically, advisory fees are paid quarterly in advance. Our initial fee will be calculated on the market value of your assets placed under our management as originally valued upon execution of the agreement for services. Thereafter, the fee will be calculated on the market value of assets under our management at the end of each calendar quarter. In some cases, fees are negotiable.

In limited situations the client may reserve the right to pay advisory fees on a semi-annual or annual basis. Under these circumstances the fee will be payable after services have been provided based on the value of your account on the last day of the calendar quarter.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

Generally, our client accounts are held in custody at Charles Schwab & Co., Inc. ("Schwab") and securities are purchased or sold through Schwab's institutional facilities. When purchasing or selling securities, you will be subject to brokerage/transaction fees charged by Schwab or any other independent, qualified custodian. We do not share in any portion of these brokerage/transaction fees imposed by Schwab or any other custodian who holding your funds and securities.

Either party may terminate the management agreement within five days of the date of acceptance with no penalty to you. After the five-day period, either party may terminate the management agreement upon 30 days' written notice to the other; a copy of the notice of termination will also be sent to the custodian. Upon termination, any prepaid fees will be prorated to the date of termination and unearned fees will be returned to you.

### **Business Consulting and Financial Planning Services**

We also engage in business consulting and financial planning services for a fee, generally not involving securities. We normally provide such services to our advisory clients that have otherwise engaged us for portfolio management services as described more fully above. However, we may also provide such services apart from a portfolio management relationship. After the collection of your pertinent

information we may provide you with a written financial plan. Financial planning or business consulting advice and/or recommendations may be provided verbally instead of through a written plan based on the scope of contracted services.

You will be quoted a fixed fee not to exceed \$25,000, with a minimum fee requirement of \$250. Such fees are negotiated on a case-by-case basis based on the scope and complexity of the contracted services, and the amount of time involved in managing our relationship. In limited circumstances, we may waive the minimum fee requirement.

An estimate of the total cost will be determined at the start of the advisory relationship, and will be clearly explained in the executed advisory agreement. **In the rare case** where the cost/time exceeds the initial estimate, we may notify you, request that you pay an additional fee, and obtain a written acknowledgement of our agreement to adjust the fee. Fixed fees are generally payable quarterly in arrears; however, in certain circumstances, other fee paying arrangements may be negotiated. Under no circumstances will you be required to pay a fee more than six months in advance and in excess of \$1,200.

Either party may terminate the financial planning/consulting agreement within five days of the date of acceptance without penalty. After the five-day period, either party may terminate the agreement by providing written notice to the other party. Refunds are not applicable since fees are payable after services have been provided.

#### **Types of Investments**

We primarily offer advice on no-load mutual funds. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

#### **Assets Under Management**

As of December 31, 2016, we manage \$325,238,078 in client assets on a non-discretionary basis.

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

Our Portfolio Management Services are provided on a non-discretionary basis and are based on the following fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Advisory Fee</u></b>
Up to \$250,000	2.00%
From \$250,001 to \$500,000	1.75%
From \$500,001 to \$1,000,000	1.50%
Over \$1,000,000	1.00%

Typically, advisory fees are paid quarterly in advance. Our initial fee will be calculated on the market value of your assets placed under our management as originally valued upon execution of the agreement for services. Thereafter, the fee will be calculated on the market value of assets under our management at the end of each calendar quarter. In some cases, fees are negotiable.

Please refer to the "Advisory Business" section in this brochure for more information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

## **Additional Fees and Expenses**

### ***Mutual Fund Fees***

Because mutual funds pay advisory fees to their investment advisers and those fees are indirectly charged to all holders of mutual fund shares, our clients with mutual funds in their portfolios are effectively paying both our firm and the mutual fund adviser for the management of their assets. In other words, if you have us manage your mutual fund shares you will pay both our direct management fee and your mutual fund managers' indirect management fees. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this Brochure.

### ***Brokerage Fees***

When purchasing or selling securities, you will be subject to brokerage/transaction fees charged by the independent, qualified custodian holding your securities and processing the buy/sell transactions. We do not share in any portion of these brokerage/transaction fees collected by your custodian.

### ***Third Party Money Manager ("TPMM") Fees***

Our advisory fee does not include the fees of third-party advisers who are selected to manage your account(s). In addition, costs or charges associated with certain securities transactions, including dealer mark-ups or mark-downs and normal broker commissions, custodian fees, and account liquidation or termination costs are separately charged to your account.

You are under no obligation to act on the investment/financial recommendations we provide. In addition, if you elect to act on any of the recommendations, you are under no obligation to effect the transaction(s) through our firm. You are free to select any brokerage firm or insurance agency or similar sales agency for implementation of the advice and recommendations we provide. Also, while we believe our advisory fees are competitive, you may be able to obtain lower fees for comparable services from other sources.

Employees, and non-employee (outside) solicitors, who are directly responsible for bringing a client to our firm, will receive compensation for client referrals equal to a defined percentage of the advisory fee actually charged and collected by us. See *Client Referrals and Other Compensation* section below for details.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require that you have at least \$50,000 in assets to establish an advisory consulting relationship with us. At our discretion, we may waive or lower this minimum. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Methods of Analysis**

We may use one or more of the following methods of analysis when formulating investment advice:

- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends.
- Strategic Asset Allocation - a strategy for sensible diversification. Diversification means spreading your investments across multiple asset classes to help reduce exposure to market volatility. While diversification does not eliminate risk of loss, you are better able to manage the effects of market volatility.

### **Associated Risks**

Fundamental Analysis - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

### **Investment Strategies**

We may use one or more of the following investment strategies when providing investment advice to you:

- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting to the IRS, the cost basis of equities acquired on or after January 1, 2011. Our firm will either instruct the custodian to use the tax lot optimizer where lots are selected and sold with the objective of taking



losses first (short-term then long-term) and gains last (long-term then short-term) for calculating and reporting the cost basis of your mutual fund and equity investments, or the custodian will default to average cost for mutual funds and the FIFO method for equities where no instruction is given.

You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this Brochure, we primarily recommend no-load mutual funds. You should be advised of the following risks when investing in these types of securities:

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of the fund, other types of mutual funds do charge such fees which can also reduce returns.

## **Item 9 Disciplinary Information**

Our firm has been registered and providing investment advisory services since 1993. Neither our firm nor any of our management personnel has any reportable disciplinary information.

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

Our firm is affiliated with Commonwealth Asset Management, Inc. ("CAM") through common control and ownership. CAM provides advice on non-securities related investments and business related services. Our advisory clients may also be clients of CAM. The services offered and fees paid through CAM are separate and distinct from the advisory services offered through Commonwealth Advisory Group.

### **Recommendation of Other Advisers**

We may recommend that you use a third party money manager ("TPMM") based on your needs and suitability. Our recommendations to use TPMM(s) are included in our portfolio management fee. We do not charge you a separate fee for the selection of other advisers nor will we share in the advisory fee you pay directly to the TPMM. Advisory fees that you pay to the TPMM are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document provided by each TPMM to whom you are referred. These fees may or may not be negotiable. You should review the recommended TPMM's disclosure brochure for information on its fees and services. You are not obligated, contractually or otherwise, to use the services of any TPMM we recommend.

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Such non-public, confidential information generally means all information not publicly available (through the media or public records) and includes, but is not limited to:

- The composition of client portfolios
- Certain records, procedures and other proprietary information
- Family or personal information

It is our firm's policy that employees must not disclose, directly or indirectly, any confidential information to anyone other than firm personnel and authorized professional advisors such as broker dealers, attorneys, and accountants who need such information in order to perform their professional services.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services, activities as a registered representative, and activities as a licensed insurance agent, as otherwise disclosed in the *Advisory Business* section and *Fees and Compensation* section of this Brochure.

## **Personal Trading Practices**

Associated Persons of our firm may buy or sell investment products for their personal accounts identical to those recommended to clients or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, where we trade on the same trading day, it is our policy that no person employed by our firm may purchase or sell any security for themselves prior to transactions implemented for an advisory account to prevent employees from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12 Brokerage Practices**

We endeavor to select brokers or dealers that provide quality services at reasonable commission rates and fees. The reasonableness of commissions and fees is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services

We routinely recommend the brokerage and custodial services of Charles Schwab & Co. ("Schwab"), a securities broker-dealer and member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of research provided their reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. These services are not otherwise contingent upon us committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to us other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering your' accounts include software and other technology that (i) provide access to your account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from your account; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help us manage and further develop our business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment to us.

Our firm receives PortfolioCenter <sup>TM</sup> software solutions that are provided by Schwab Performance Technologies. Schwab Institutional sponsors this arrangement where we are entitled to a discount of up to \$4,000 which is applied to the annual PortfolioCenter <sup>TM</sup> maintenance fees incurred during the first twelve months of services. We will be billed for all remaining maintenance fees, net of discounts. The discount applies to the first twelve months of service only. Thereafter, the standard fees for access to PortfolioCenter <sup>TM</sup> will apply.

### **Brokerage for Client Referrals**

We do not select or recommend broker-dealers on the basis of receiving client referrals from broker-dealers. As stated above, we recommend and use Schwab for custody and brokerage services.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Block Trades**

Where appropriate, we may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## **Item 13 Review of Accounts**

### **Portfolio Management Services**

The Investment Advisory Representative of our firm assigned to your account(s) will monitor your account(s) on a periodic basis and will offer account reviews at least quarterly to ensure the advisory services provided to you are consistent with your stated investment objectives. This review will include a comparison of your portfolio's current asset allocation against the strategic asset allocation defined in your investment objectives. As a result of this comparison, we may discuss portfolio rebalancing with you after this review.

We will provide you a performance evaluation along with a portfolio appraisal report every quarter. We will also include information pertaining to the capital markets or changes in account control procedures. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### **Business Consulting and Financial Planning Services**

The Investment Advisory Representative of our firm assigned to your account will review your financial plan as needed, depending on the arrangements made with you at the inception of your advisory relationship. The purpose of the review is to ensure that the planning advice made to you remain consistent with your stated investment needs and objectives. We recommend meeting with you at least annually to review and update your plan if needed.

Additional reviews will be conducted upon your request, and where warranted we will provide you with an update to the plan in conjunction with the review based upon the established agreement. We will not provide regular written reports for financial planning and consulting services. If you implement financial planning advice through our firm, you will receive trade confirmations and monthly or quarterly statements from your qualified custodian(s).

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

We may compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires.

You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

## **Item 15 Custody**

Provided we receive your written authorization, we directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds and/or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

Our firm will manage your accounts on a non-discretionary basis which means we will obtain your approval prior to making purchases, implementing any changes in your accounts and/or changing allocations in your accounts. You have an unrestricted right to decline to implement any advice provided by our firm. Please be aware that it may be necessary to liquidate certain positions without prior approval only in the case where there are insufficient funds in the money market account to cover our agreed upon quarterly fee.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. It is our policy that individuals employed by the firm must not disclose, directly or indirectly, any confidential information to anyone other than firm personnel and authorized professional advisors such as broker dealers, attorneys, and accountants who need such information in order to perform their professional services.



We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Robert J. Lohman, President and Chief Compliance Officer at 412-531-6040 if you have any questions regarding this policy.

See also the *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* section for more information on how we protect your personal information.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit, nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.