

# **Carnegie Wealth Management, LLC**

## **Form ADV Part 2A – Disclosure Brochure**

**Effective: March 27, 2019**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Carnegie Wealth Management, LLC (“Carnegie Wealth” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (610) 640-4300.

Carnegie Wealth is a registered investment advisor located in the Commonwealth of Pennsylvania. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Carnegie Wealth to assist you in determining whether to retain the Advisor.

Additional information about Carnegie Wealth and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 290430.

**Carnegie Wealth Management, LLC  
920 Cassatt Road, Suite 202| Berwyn, PA 19312  
Phone: (610) 640-4300 | Fax: (484) 875-9912**

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of Carnegie Wealth. For convenience, we have combined these documents into a single disclosure document.

Carnegie Wealth believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. Carnegie Wealth encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

Carnegie Wealth now offers asset management services on a discretionary basis.

Carnegie Wealth has updated the portfolio management fee schedule (Item 5).

Carnegie Wealth has updated Item 12 to disclose Charles Schwab & Co., Inc. Advisor Services and American Funds Distributors, Inc. as a custodian.

Carnegie Wealth has updated the CCO email address (Item 17)

Carnegie Wealth has updated their primary address (Front Page)

Carnegie Wealth has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD# 290430. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (610) 640-4300.

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## Item 4 – Advisory Services

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### A. Firm Information

Carnegie Wealth Management, LLC (“Carnegie Wealth” or the “Advisor”) is a registered investment advisor located in the Commonwealth of Pennsylvania, which is organized as a Limited Liability Company (LLC) under the laws of Pennsylvania. Carnegie Wealth was founded in August 2017, and is owned by So Farr Holdings, LLC and operated by Scott T. Sheffer (Chief Executive Officer and Chief Compliance Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Carnegie Wealth.

### B. Advisory Services Offered

Carnegie Wealth offers investment advisory services to individuals, high net worth individuals, trusts, estates, businesses and retirement plans in the Commonwealth of Pennsylvania and other states (each referred to as a “Client”).

#### Investment Management Services

Carnegie Wealth provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing both discretionary and non-discretionary investment management and related advisory services. Carnegie Wealth utilizes either a strategic and/or tactical asset allocation approach to managing Client assets. To find the right approach, the Advisor works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy.

Based on the Client’s prior approval, Carnegie Wealth will then construct a portfolio, consisting of managed separate accounts, diversified mutual funds and/or exchange-traded funds (“ETFs”), structured investments to achieve the Client’s investment goals. The Advisor may also utilize individual stocks, bonds, real estate investment trusts or alternative investments to meet the needs of its Clients. Carnegie Wealth may also utilize margin transactions as a possibility for an emergency liquidity. The Advisor may retain certain types of investments based on a Client’s legacy portfolio construction

Carnegie Wealth’s investment strategy[ies] is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. Carnegie Wealth will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

Carnegie Wealth evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. Carnegie Wealth may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Carnegie Wealth may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. Carnegie Wealth may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

At no time will Carnegie Wealth accept or maintain custody of a Client’s funds or securities, except for authorized deduction of the Advisor’s fees. All Client assets will be managed within their designated account[s] at the Custodian or delegate, pursuant to the Client investment advisory agreement. Please see Item 12 – Brokerage Practices.

### Financial Planning Services

Carnegie Wealth will typically provide a variety of financial planning and consulting services to Clients, pursuant to a written financial planning agreement. Services are offered in several areas of a Client's financial situation, depending on their goals, objectives and financial situation.

Generally, such financial planning services involve preparing a formal financial plan or rendering a specific financial consultation based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings and other areas of a Client's financial situation.

A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

Carnegie Wealth may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation but is not compensated for making such recommendations. For certain financial planning engagements, the Advisor will provide a written summary of the Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not require a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a conflict between the interests of the Advisor and the interests of the Client. For example, a recommendation to engage the Advisor for investment management services or to increase the level of investment assets with the Advisor would pose a conflict, as it would increase the advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement any transactions through the Advisor.

### Use of Independent Managers

Carnegie Wealth may recommend that a Client utilize one or more unaffiliated investment managers or investment platforms (collectively "Independent Managers") for all or a portion of a Client's investment portfolio. The Advisor ensures that the Independent Managers recommended to Clients are registered or notice filed in the Commonwealth of Pennsylvania and the jurisdiction where the Client resides as a firm and in their individual capacity prior to recommending the Independent Manager to the Client. In such instances, the Client may be required to authorize and enter into an advisory agreement with the Independent Manager[s] that defines the terms in which the Independent Manager[s] will provide investment management and related services. The Advisor may also assist in the development of the initial policy recommendations and managing the ongoing Client relationship. The Advisor will perform initial and ongoing oversight and due diligence over the selected Independent Manager[s] to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests. The Client, prior to entering into an agreement with unaffiliated investment manager[s] or investment platform[s], will be provided with the Independent Manager's Form ADV 2A (or a brochure that makes the appropriate disclosures).

### **C. Client Account Management**

Prior to engaging Carnegie Wealth to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – Carnegie Wealth, in connection with the Client, may develop a statement that summarizes the Client's investment goals and objectives along with the broad strategy[ies] to be employed to meet the objectives.

- Asset Allocation – Carnegie Wealth will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance of risk for each Client.
- Portfolio Construction – Carnegie Wealth will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Carnegie Wealth will provide either discretionary or non-discretionary investment management and ongoing oversight of the Client's investment portfolio.

#### **D. Wrap Fee Programs**

Carnegie Wealth does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Carnegie Wealth.

#### **E. Assets Under Management**

As of February 25, 2019, Carnegie Wealth has \$ 100,308,336 in discretionary assets under management.

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

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

#### **A. Fees for Advisory Services**

##### Investment Management Services

Investment advisory fees are paid quarterly in advance of each calendar quarter, pursuant to the terms of the investment advisory agreement. Investment advisory fees are based on the market value of assets under management at the end of the prior calendar quarter. Investment advisory fees are based on the following schedule:

<b>Assets Under Management (\$)</b>	<b>Annual Rate (%)</b>
Up to \$1,500,000	1.25%
Next \$1,000,000	1.10%
Next \$2,500,000	1.00%
Next \$2,500,000	0.90%
Next \$2,500,000	0.80%
Over \$10,000,000	Negotiable

The investment advisory fee in the first calendar quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by Carnegie Wealth will be independently valued by the designated Custodian or delegate. Carnegie Wealth will not have the authority or responsibility to value portfolio securities.

The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client, for investment advisory services. However, the Advisor shall not receive any portion of these commissions, fees, and costs, related to investment advisory services.

##### Financial Planning Services

Carnegie Wealth offers financial planning services either on an hourly basis or a fixed engagement fee. Hourly engagements range up to \$500 per hour. Fixed fee engagement is based on the total number of hours to complete based off the hourly rate. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total hours and total costs will be provided to the Client prior to engaging for these services.

#### Use of Independent Managers

For Clients referred by the Advisor to an Independent Manager, the Client's fee may be separately billed or deducted from the Client's account[s] by the Independent Manager. The Client, prior to entering into an agreement with unaffiliated investment manager[s] or investment platform[s], will be provided with the Independent Manager's Form ADV 2A (or a brochure that makes the appropriate disclosures) disclosing their fee. At no point will the Client's fees exceed 3.00% of assets under management.

### **B. Fee Billing**

#### Investment Management Services

Investment advisory fees are calculated by the Advisor's delegate, Envestnet, and deducted from the Client's account[s] at the Custodian, upon receiving written authorization by the Client. The Advisor's delegate shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of the respective quarter. The Advisor has no ability to make changes to the client's fee once calculated by the delegate and the Custodian will not accept fee direction from the Advisor, nor does the Advisor have the ability to change the client's fee through the Custodial platform. The amount due is calculated by applying the annual fee rate to the client's total assets under management with Carnegie Wealth at the end of the prior quarter, dividing that value by the number of days in the specified year, then multiplying that value by the remaining days in the quarter. Clients will be provided with a statement, at least quarterly, from the Custodian, reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting Envestnet to calculate their fee and permitting the Advisor to be paid directly from their account[s] held by the Custodian as part of the investment Advisory Agreement and separate account forms provided by the Advisor and Custodian and the Statement of Investment Selection (SIS) which describes the tri-party relationship between Client, Advisor and Advisor's delegate (Envestnet).

#### Financial Planning Services

Financial planning fees may be invoiced up to fifty percent (50%) of the expected total fee upon execution of the financial planning agreement. The balance shall be invoiced upon completion of the agreed upon deliverable[s].

#### Use of Independent Managers

For Clients referred by the Advisor to an Independent Manager, the Client's fee may be separately billed or deducted from the Client's account[s] with the respective manager and a portion of the investment advisory fee may be provided to Carnegie Wealth. As noted above, Client's fees will not exceed 3.00%.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than Carnegie Wealth, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custodial and securities execution fees charged by the Custodian and executing broker-dealer. The fees charged by Carnegie Wealth are separate and distinct from these custodial and execution fees.

In addition, all fees paid to Carnegie Wealth for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of Carnegie Wealth, but would not receive the services provided by Carnegie Wealth which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Carnegie Wealth to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.



#### **D. Advance Payment of Fees and Termination**

##### Investment Management Services

Carnegie Wealth is compensated for its services in advance of the quarter in which investment advisory services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client may terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior approval.

##### Financial Planning Services

Carnegie Wealth requires an advance deposit as described above. Either party may terminate the financial planning agreement by providing advance written notice to the other party. The Client may terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate or in the case of a fixed fee engage, the percentage of the engagement scope completed by the Advisor. The Advisor will refund any unearned, prepaid planning fees from the effective date of termination. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior approval.

##### Use of Independent Managers

In the event that a Client should wish to terminate their relationship with the Independent Manager, the terms for termination will be set forth in the respective agreements between the Client and that Independent Manager. Carnegie Wealth will assist the Client with the termination and transition as appropriate.

#### **E. Compensation for Sales of Securities**

Carnegie Wealth does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

Mr. Sheffer is also registered representative of The Strategic Financial Alliance ("SFA"). SFA is a registered broker-dealer (CRD No. 126514), member FINRA, SIPC. In his separate capacity as a registered representative of SFA, Mr. Sheffer may implement securities transactions under SFA and not through Carnegie Wealth. In such instances, Mr. Sheffer will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by the Mr. Sheffer in his capacity as a registered representative is separate and in addition to the Advisor's fees. This practice presents a conflict of interest because Mr. Sheffer who is a registered representative has an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the Client's needs. Clients are not obligated to implement any recommendation provided by the Advisor nor Mr. Sheffer. Neither the Advisor nor Mr. Sheffer will earn ongoing investment advisory fees in connection with any products or services implemented in Mr. Sheffer's separate capacity as a registered representative Please see "Item 10 – Other Financial Industry Activities and Affiliations".

Amy Abromaitis is a registered representative. From time to time, she will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Carnegie Wealth Management, LLC always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services any representative of Carnegie Wealth Management, LLC in such individual's outside capacity.

Jason Ray is a registered representative. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Carnegie



Wealth Management, LLC always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services any representative of Carnegie Wealth Management, LLC in such individual's outside capacity.

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

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Carnegie Wealth does not charge performance-based fees for its investment advisory services. The fees charged by Carnegie Wealth are as described in “Item 5 – Fees and Compensation” above and are not based upon the capital appreciation of the funds or securities held by any Client.

Carnegie Wealth does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

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## **Item 7 – Types of Clients**

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Carnegie Wealth offers investment advisory services to individuals, high net worth individuals, trusts, estates, businesses and retirement plans in Commonwealth of Pennsylvania and other states. The number of each type of Client is available on Carnegie Wealth's Form ADV Part 1A. These numbers may change over time and are updated at least annually by the Advisor. Carnegie Wealth generally does not impose a minimum asset size for establishing a relationship.

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

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### **A. Methods of Analysis**

Carnegie Wealth employs fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from Carnegie Wealth is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in “Item 13 – Review of Accounts”.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Carnegie Wealth will be able to accurately predict such a reoccurrence.

As noted above, Carnegie Wealth generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Carnegie Wealth will typically hold all or a portion of a security for more than a year. may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients after obtaining Client approval for the trades. At times, Carnegie Wealth may also buy and sell positions after obtaining Client approval for the trades that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Carnegie Wealth will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in "Item 13 – Review of Accounts".

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the potential speculative components of the Advisor's strategy:

### Market Risks

The performance of stocks, bonds, mutual funds, ETFs and alternative investments are subject to market risk, including the possible loss of principal. The value of the mutual funds or ETFs will fluctuate with the value of the underlying securities that make up the fund.

### Margin Borrowings

The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

### Alternative Investments (Limited Partnerships)

The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a significant portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.

### Real Estate Investment Trusts ("REITs")

Investing in Real Estate Investment Trusts ("REITs") involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

## Item 9 – Disciplinary Information

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**There are no legal, regulatory or disciplinary events involving Carnegie Wealth or any of its management persons.** Carnegie Wealth values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by our firm name or our CRD# 290430.

## Item 10 – Other Financial Industry Activities and Affiliations

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### The Strategic Financial Alliance Affiliation

Mr. Sheffer also serves as an investment advisor representative (“IAR”) with The Strategic Financial Alliance (“SFA”) a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). In his separate capacity as an IAR of SFA, Mr. Sheffer will receive advisory fees for Clients whose accounts and relationships are serviced under SFA. Mr. Sheffer will not receive ongoing investment advisory fees from SFA for each of these accounts, once each each account is transitioned to Carnegie Wealth Management, LLC acting in its capacity as a registered investment advisor.

As noted in Item 5, Mr. Sheffer is also a registered representative of The Strategic Financial Alliance (“SFA”). SFA is a registered broker-dealer (CRD No. 126514), member FINRA, SIPC. In his separate capacity as a registered representative, Mr. Sheffer will typically receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by Mr. Sheffer. Neither the Advisor nor Mr. Sheffer will earn ongoing investment advisory fees in connection with any services implemented in Mr. Sheffer’s separate capacity as a registered representative.

Jason Ray is a registered representative. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Carnegie Wealth Management, LLC always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services any representative of Carnegie Wealth Management, LLC in such individual’s outside capacity.

Jason Ray as an investment advisor representative (“IAR”) with The Strategic Financial Alliance (“SFA”) a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). In his separate capacity as an IAR of SFA, Jason Ray will receive advisory fees for Clients whose accounts and relationships are serviced under SFA. Jason Ray will not receive ongoing investment advisory fees from SFA for each of these accounts, once each each account is transitioned to Carnegie Wealth Management, LLC acting in its capacity as a registered investment advisor.

Jason Ray is an Advisory Council for Gateway to Leadership Foundation. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Carnegie Wealth Management, LLC always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any representative of Carnegie Wealth Management, LLC in such individual’s outside capacities.

Amy Abromaitis is a registered representative. From time to time, she will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Carnegie Wealth Management, LLC always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services any representative of Carnegie Wealth Management, LLC in such individual’s outside capacity.

Amy Abromaitis is an investment adviser representative with another firm. From time to time, she will offer clients advice or products from this activity. Carnegie Wealth Management, LLC always acts in the best interest of the

client. Clients are in no way required to utilize the services of any representative of Carnegie Wealth Management, LLC in such individual's outside capacity.

Amy Abromaitis owns Radar Enterprises LLC a residential and commercial rental property. From time to time, she will offer clients advice or products from this activity. Carnegie Wealth Management, LLC always acts in the best interest of the client. Clients are in no way required to utilize the services of any representative of Carnegie Wealth Management, LLC in such individual's outside capacity.

Amy Abromaitis is a licensed insurance agent. From time to time, she will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Carnegie Wealth Management, LLC always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any representative of Carnegie Wealth Management, LLC in such individual's outside capacities.

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

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

Carnegie Wealth has implemented a Code of Ethics (the "Code") that defines our fiduciary commitment to each Client. This Code applies to all persons associated with Carnegie Wealth (our "Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Carnegie Wealth and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Carnegie Wealth's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at (610) 640-4300.

### **B. Personal Trading with Material Interest**

Carnegie Wealth allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Carnegie Wealth does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. Carnegie Wealth does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

Carnegie Wealth allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, The Advisor has adopted written policies and procedures to detect the misuse of material, non-public information.

### **D. Personal Trading at Same Time as Client**

While Carnegie Wealth allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. At no time will Carnegie Wealth, or any Supervised Person of Carnegie Wealth, transact in any security to the detriment of any Client.

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

Carnegie Wealth does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer or custodian (herein the "Custodian") to safeguard

Client assets and authorize Carnegie Wealth to direct trades to the Custodian as agreed in the investment advisory agreement. Further, Carnegie Wealth may have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where Carnegie Wealth does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for custody and execution services. Clients are not obligated using a custodian recommended by Carnegie Wealth and will not incur any extra fee or cost associated with using a Custodian not recommended by the Advisor.

Where Carnegie Wealth does not exercise discretion over the selection of the Custodian, Carnegie Wealth will generally recommend that Clients establish their account[s] at Charles Schwab & Co., Inc. Advisor Services, LLC ("Charles Schwab & Co., Inc. Advisor Services"), a FINRA-registered broker-dealer and member SIPC. Charles Schwab & Co., Inc. Advisor Services will serve as the Client's "qualified custodian". Carnegie Wealth maintains an institutional relationship with Charles Schwab & Co., Inc. Advisor Services, whereby the Advisor receives economic benefits from Charles Schwab & Co., Inc. Advisor Services (Please see Item 14 below.).

Carnegie Wealth may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the Custodian's offices.

Carnegie Wealth recommends Charles Schwab & Co., Inc. Advisor Services Advisor Solutions LLC, Charles Schwab & Co., Inc. Advisor Services and American Funds Distributors, Inc.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **Carnegie Wealth does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see Item 14 below.**

**2. Brokerage Referrals** - Carnegie Wealth does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where Carnegie Wealth will place trades within the established account[s] at Custodian as designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s] at the Custodian, unless separately instructed. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). Carnegie Wealth will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated Custodian.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. Carnegie Wealth will execute its transactions through the Custodian as directed by the Client. Carnegie Wealth may aggregate orders in a block trade or trades when securities are purchased or sold through the same Custodian for multiple accounts, however, the Advisor generally does not block trades for accounts managed on a non-discretionary basis due to differences in the timing of approval from the Clients.



## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by Mr. Sheffer. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify Carnegie Wealth if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee or Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by Carnegie Wealth**

#### Participation in Institutional Advisor Platform

Charles Schwab & Co., Inc. Advisor Services provides Carnegie Wealth with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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 Carnegie Wealth client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to Carnegie Wealth other products and services that benefit Carnegie Wealth but may not benefit its clients' accounts. These benefits may include national, regional or Carnegie Wealth specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Carnegie Wealth by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Carnegie Wealth in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of Carnegie Wealth's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Carnegie Wealth's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to Carnegie Wealth other services intended to help Carnegie Wealth

manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to Carnegie Wealth by independent third parties. Charles Schwab & Co., Inc. 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 Carnegie Wealth. Carnegie Wealth is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

#### Use of Independent Managers

The Advisor may be indirectly compensated by an Independent Manager as described in Item 5 above and does not receive any other forms of compensation with such arrangements.

#### **B. Client Referrals from Solicitors**

Carnegie Wealth does not engage paid solicitors for Client referrals.

### **Item 15 – Custody**

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Carnegie Wealth has limited custody of Client accounts, for the authorized deduction of the Advisor's fees, the Advisor does not accept or maintain any other forms of custody. All Clients must place their assets with a qualified custodian. Clients are required to engage the Custodian to retain their funds and securities and direct Carnegie Wealth to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by Carnegie Wealth to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see "Item 12 - Brokerage Practices".

### **Item 16 – Investment Discretion**

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Carnegie Wealth provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client outlines the discretionary authority for trading. Where investment discretion has been granted, Carnegie Wealth generally manages the client's account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, or the price per share.

### **Item 17 – Voting Client Securities**

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Carnegie Wealth acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. Carnegie Wealth will vote proxies on behalf of a client solely in the best interest of the relevant client. Carnegie Wealth has established general guidelines for voting proxies. Carnegie Wealth may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, Carnegie Wealth may vote in a manner that is contrary to the general guidelines if it believes that it would be in a client's best interest to do so. If a proxy proposal presents a conflict of interest between Carnegie Wealth and a client, then Carnegie Wealth will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting Carnegie Wealth in writing and requesting such information. Each client may also request, by contacting Carnegie Wealth in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period. Clients can send written requests to the Chief Compliance Officer at [ssheffer@carnegiewealth.com](mailto:ssheffer@carnegiewealth.com).



## Item 18 – Financial Information

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Neither Carnegie Wealth, nor its management, have any adverse financial situations that would reasonably impair the ability of Carnegie Wealth to meet all obligations to its Clients. Neither Carnegie Wealth, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. Carnegie Wealth is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect fees of \$1,200 or more for services to be performed six months or more in advance.

## Privacy Policy

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### Our Commitment to You

Carnegie Wealth Management, LLC (“Carnegie Wealth” or the “Advisor”) is committed to safeguarding the use of personal information of our Clients (also referred to as “you” and “your”) that we obtain as your Investment Advisor, as described here in our Privacy Policy (“Policy”).

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. Carnegie Wealth (also referred to as “we”, “our” and “us”) protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

Carnegie Wealth does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors (“RIAs”) must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Driver’s license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number(s)	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client’s personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.	Yes	No
<b>Marketing Purposes</b> Carnegie Wealth does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where Carnegie Wealth or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent(s) or representative(s).	Yes	Yes
<b>Information About Former Clients</b> Carnegie Wealth does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (610) 640-4300.