

October 1, 2019

## Fort Pitt Capital Group LLC

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## Roof Advisory Group

(a division of Fort Pitt Capital Group LLC)  
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Fort Pitt Capital Group's Form ADV Part 2 or Brochure, as required by the Investment Advisers Act of 1940, is a very important document between you and Fort Pitt Capital Group.

***This Brochure provides information about the qualifications and business practices of Fort Pitt Capital Group, LLC. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Mary Giconi at 412-921-1822 or [mgiconi@fortpittcapital.com](mailto:mgiconi@fortpittcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any State Securities Authority.***

***Additional information about Fort Pitt Capital Group, LLC is available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "investment adviser firm" and type in the firm name). Results will provide you both Part 1 and 2 of Form ADV.***

Fort Pitt is a registered investment adviser with the SEC. Fort Pitt's registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications Fort Pitt provides to you, including this Brochure is information that can be used to evaluate the firm (and other advisers).

## Item 2 – Material Changes

1. Fort Pitt Capital Group LLC amends this Brochure at least annually. This Item of the Brochure will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. The most recent updates of our Brochure were on August 1, 2019 (for Fort Pitt Capital Group) and October 1, 2019 (for Roof Advisory Group). The merger between Roof Advisory Group and Fort Pitt Capital Group LLC closed on October 1, 2019. This amendment describes the firm’s procedures for managing client assets and the fees charged for such services.
2. If you would like another copy of this Brochure, please contact Mary Giconi, Chief Compliance Officer at 412-921-1822 or [mgiconi@fortpittcapital.com](mailto:mgiconi@fortpittcapital.com).

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## Item 4 – Advisory Business

Fort Pitt Capital Group LLC (“Fort Pitt”) was formed in 2015 to carry on the traditions and values of its predecessor, Fort Pitt Capital Group, Inc., which was formed in 1995. Roof Advisory Group (“Roof”) is a division of Fort Pitt. References to Fort Pitt and/or Roof shall collectively be referred to as Fort Pitt or the firm. Fort Pitt is managed pursuant to a management agreement between FP Capital Management LLC and Fort Pitt. The officers of FP Capital Management LLC are responsible for the management, supervision and oversight of Fort Pitt. Fort Pitt’s main office is in Pittsburgh, PA with locations in Harrisburg, PA and Bonita Springs, FL.

Fort Pitt is part of the Focus Financial Partners LLC (“Focus LLC”) partnership. Specifically, Fort Pitt is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus LLC. Focus Financial Partners, Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC. Focus Inc. has no single 25%-or-greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2018, investment vehicles affiliated with Stone Point Capital LLC (“Stone Point”) had a greater-than-25% voting interest in Focus Inc., and Stone Point had the right to designate two of seven directors on the Focus Inc. Board. As of the end of 2018, investment vehicles affiliated with Kohlberg Kravis Roberts & Co., L.P. (“KKR”) had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of seven directors on the Focus Inc. Board.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs. Fort Pitt does not currently conduct business or utilize the services of any Focus Partner when providing services to clients.

Fort Pitt provides investment advisory services to clients on both a discretionary and non-discretionary basis. As of October 1, 2019:

Discretionary Assets Under Management	\$3,424,307,636
Non-Discretionary Assets Under Management	<u>\$ 4,513,536</u>
Total	\$3,428,821,172

As a registered investment advisor subject to Section 206 of the Advisers Act, Fort Pitt acts as a fiduciary related to the conduct of its investment management and advisory services. As such Fort Pitt has an obligation to act in the best interest of its clients guided by the core fiduciary duties of loyalty and care.

Fort Pitt's first priority is protecting clients' money by staying within the spectrum of acceptable risk based on each client's specified risk tolerance – and doing so through highly personalized service. Fort Pitt believes that integrity, confidence, and respect are the cornerstones of any successful business relationship.

Wealth management is a holistic set of services that includes Investment Management Services (described below) to both individuals and institutions and advice on matters such as asset accumulation, elder care costs, estate planning, education planning, business succession planning and/or insurance needs. When any person or entity engages Fort Pitt for wealth management services, that client is assigned to a service team, led by a Financial Consultant. The service team is dedicated to the implementation of our firm's investment philosophy in a manner consistent with each client's investment objectives and risk tolerance.

For many clients, their managed portfolio of securities represents only a portion of their overall net worth. Other assets can include real estate, business equity, accrued retirement benefits, potential inheritances and illiquid securities. Coordinating a client's broad-based asset mix in a tax efficient manner that assures appropriate wealth preservation and liquidity while also optimizing growth, limiting risk and maintaining tax efficiency is a critical and ongoing wealth management function. In addition, many of the firm's relationships include members from multiple generations within the same family. Fort Pitt is often involved in working closely with a client's extended family to set priorities and expectations regarding current and future wealth transfers to family members, charities, etc.

Fort Pitt may refer clients to other industry professionals (i.e., tax professionals, attorneys, financial institutions) when expertise outside of that provided by Fort Pitt is needed. Such individuals are generally long-time industry professionals that are known as experts in their field(s). An introduction may be made to an outside professional; however, the client is not obligated in any way to retain the services of any other industry professional. Fort Pitt does not receive any compensation for such referrals. Although not anticipated, if/when a Financial Consultant leaves the firm (or a member of the service team is reassigned to a different role within the firm) Fort Pitt will promptly contact all affected clients to ensure that new firm contact information is provided.

### **Protection from Financial Exploitation**

Fort Pitt also strives to protect client assets from financial exploitation by educating employees (and clients) regarding red flags that may indicate that an account (or a client) is being taken advantage of or targeted by an outside party, even if that party is a relative of the client. Fort Pitt encourages all clients to designate a Trusted Contact through their custodian for protection from financial exploitation. A Trusted Contact can be a trusted friend or family member that your custodian or Fort Pitt can contact on your behalf in the event that financial exploitation is suspected. A Trusted Contact cannot place trades and doesn't have any control over your account. Fort Pitt will not reach out to your Trusted Contact with basic questions about the account. Additional information can be provided upon request.

## **Investment Management Services**

Fort Pitt manages client assets by utilizing one (or more) of three types of investment strategies and/or products:

- Individual Equity Securities;
- Fixed Income Securities (taxable and tax free);
- Mutual Fund/Exchange Traded Fund ("ETF") Asset Allocation Portfolios;

Through discussions and the completion of a client questionnaire, Fort Pitt will assist clients in developing an investment strategy based on their investment objectives and risk tolerance and then pursuing cost-effective investment strategies and/or individual securities taking into account their investment timeline and anticipated distribution needs. Fort Pitt's recommended investment strategies are presented to clients via an Investment Plan at the time of engagement. Through periodic client reviews, the Financial Consultants meet with clients to discuss their financial situation and current holdings. Clients should expect to be fully engaged with Fort Pitt and are encouraged to keep Fort Pitt informed of any changes to their investment objectives and risk tolerance. These meetings/reviews provide an opportunity to engage in discussions and make changes to client holdings and the firm's recommendations. Open, honest and ongoing communication among all parties is critical to a successful working relationship.

Fort Pitt designs each client's portfolio (using different combination(s) of the firm's investments, strategies and/or composites) to achieve performance results that will allow them to address their day-to-day needs while still pursuing their short-term and long-term goals. Within each of the above referenced strategies, Fort Pitt's Portfolio Managers and Financial Consultants provide advice concerning the selection and retention of individual equity securities, including Exchange Traded Funds, fixed income securities (bonds), and mutual fund investments. Fort Pitt's investment strategies and composite portfolios have been created to enable Fort Pitt to establish, trim or eliminate positions on a pro rata basis across all like managed accounts. Please refer to Item 8 for more information.

With respect to mutual fund/ETF investing, Fort Pitt engages in discussions with clients regarding their anticipated account balances and distribution needs and a good faith selection is made regarding the most cost-effective investment for them. Disclosures regarding the investment selections made by Fort Pitt are provided at the time of investment to help clients understand the investment options and share classes being presented. Fort Pitt uses its best efforts to select the share class that is most appropriate for each client at the time of investment and will use its discretionary authority to exchange client shares to less expensive investment options if and when such products become available. Please refer to Item 5 for more information about the costs associated with an investment in any account managed by Fort Pitt.

At any time, clients may impose reasonable restrictions on their accounts. Examples of reasonable restrictions in an equity account may include the segregation of assets within an account so that the firm cannot buy or sell those securities. Fort Pitt does not collect investment management fees on segregated assets. A client may also wish to utilize margin within their account(s) and/or take out a loan using the securities within their portfolio as collateral. As requested, Fort Pitt will assist clients with the custodial paperwork to establish these services; however, the firm does not recommend such products as part of its investment management services. Fort Pitt does not collect fees in addition to the investment management fees described below for any purpose; however, clients may be charged additional fees by the custodian as noted below.

For mutual fund/ETF investment, clients can restrict the firm from investing in a particular class of shares. If, in the opinion of the Financial Consultant and/or Portfolio Managers, a restriction or a client directed trade would subject the client's portfolio to risks that are contrary to the previously stated investment objectives, the Financial Consultant may request additional information from the client.

Fort Pitt is not responsible for any gains or losses incurred by clients as a result of any restrictions and/or trades directed by them. Fort Pitt recommends that client assets be held in custodial accounts at Charles Schwab & Co., Inc., TD Ameritrade and/or Fidelity Investments.

**Retirement Investors:**

Fort Pitt is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and under the Internal Revenue Code ("IRC") with respect to investment management services and investment advice provided to ERISA plan clients including ERISA plan participants (collectively "Retirement Investors"). As such, Fort Pitt is subject to specific duties and obligations under ERISA and IRC that include, among other things, prohibited transactions rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which he has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption.

Under Section 3(21) of ERISA, Fort Pitt provides Plan Level Non-Discretionary Investment Advisory Services regarding the asset classes and investment alternatives available within a retirement plan. Fort Pitt will provide recommendations to the Plan Sponsor who will retain the final decision-making authority regarding the selection, retention addition and removal of investment options. Fort Pitt typically provides educational resources but does not provide individualized investment advice to plan participants regarding the allocation of their investments among the investment options.

Under Section 3(38) of ERISA, Fort Pitt, through an agreement with a retirement plan sponsor, provides the firm's model portfolios as options within the plan and has full discretionary authority over the investment management of the assets within those model portfolios. Investment selections are made by the plan and/or the underlying plan participants and Fort Pitt manages the portfolio assets and allocation of the underlying investments within each portfolio.

Notwithstanding the services listed above, Fort Pitt may provide investment advice with respect to retirement assets not managed by Fort Pitt to any firm client. Fort Pitt's advisory services are limited to providing advice to an individual retirement plan participant regarding the allocation of assets within their employer sponsored retirement plan using only the investment options (i.e., mutual funds) that are available to them. In this case, the plan participants will retain the final decision-making authority regarding the recommendations provided by Fort Pitt.

### **Rollover to IRA**

In the event that Fort Pitt recommends a rollover of Retirement Assets into an IRA or Roth IRA, that recommendation is based on the individual needs of the client. Fort Pitt believes that the "value add" that can be provided with respect to those assets (described herein), justifies any increased costs related to the management of the Retirement Assets.

It should be noted; however, that a conflict of interest arises when Fort Pitt recommends to clients that they roll over their Retirement Assets into an IRA or Roth IRA that is managed by Fort Pitt according to their investment objectives and risk tolerance via one of its composites or customized recommendations. By recommending that a client rolls over retirement plan assets to an IRA, even if there are no costs associated with the IRA rollover itself, Fort Pitt is entitled to earn investment management fees on the IRA account. Investing in a managed IRA with any investment adviser, including Fort Pitt, will typically be more expensive than investing through your retirement plan.

Opening a new IRA as a brokerage account will also result in additional charges such as commission charges and fees charged by the underlying investments (i.e., equity, fixed income, mutual fund, ETF, etc.). Custodial and trading fees also apply. In contrast, leaving assets in a retirement plan or rolling the assets to a plan sponsored by a new employer will likely result in little or no compensation to Fort Pitt. Therefore, Fort Pitt has an incentive to encourage investors to rollover retirement plan assets into an IRA managed by Fort Pitt.

Investors considering rolling over assets from a qualified employer-sponsored retirement plan to an IRA should review and consider the advantages and disadvantages.

A plan participant leaving an employer typically has four options (and may engage in a combination of these options):

- (1) Leave the money in the former employer's plan, if permitted;
- (2) Rollover the assets to a new employer's plan (if available and rollovers are permitted);
- (3) Rollover retirement plan assets to an IRA; or,
- (4) Cash out the retirement plan assets and pay the required taxes on the distribution.

At a minimum, Retirement Investors should consider the following factors: fees and expenses, available investment options, management and/or advisory services to be provided, availability of penalty-free withdrawals, protection from creditors and legal judgments, required minimum distributions, and the ability to place transactions in employer stock. Fort Pitt encourages clients to discuss their options and review the above-listed considerations with an accountant, third-party administrator, investment advisor to their Employer Plan (if available), or legal counsel.

#### **Non-Fiduciary Services:**

Fort Pitt provides certain non-fiduciary services to plan sponsors and/or may arrange for the retirement plan's service providers to offer certain services. Fort Pitt may help educate the plan sponsor regarding its fiduciary responsibilities and assist the plan sponsors in selecting and supervising the plan's service providers. In addition, Fort Pitt may provide services directly to retirement plan participants through group enrollment/educational meetings designed to increase plan participation and provide information regarding general investment principles.

#### **Fort Pitt Capital Total Return Fund:**

Fort Pitt serves as adviser to the Fort Pitt Capital Total Return Fund (the "Fund") and makes the investment management decisions for the Fund's portfolio. Although the assets of the Fund are managed in a manner similar to that of the firm's managed stock portfolios, the specific guidelines that Fort Pitt uses on behalf of the Fund are described in the Fund's prospectus and may differ from those of other clients of the firm. Fort Pitt will include the Fund in a client's portfolio in accordance with its fiduciary duty and only if that investment is consistent with the investment objectives and risk tolerance of that client.

Clients may purchase/sell securities (including shares of any mutual fund) without retaining Fort Pitt as their investment adviser. Prior to making an investment in any mutual fund, clients and prospective clients should review the prospectus for a comprehensive understanding of the terms and conditions applicable to that investment. Retaining Fort Pitt to provide investment management services costs more than doing independent research and investing on your own. Fort Pitt is committed to the "value add" that can be provided and believes that the increased costs related to the management of your assets is justified. Fort Pitt encourages any prospective client to speak to an industry professional (at Fort Pitt or otherwise) about investment advisory services in general and the costs and/or benefits associated with investing independently and/or through an investment adviser.



## Item 5 – Fees and Compensation

Fort Pitt is a “Fee-Only” adviser and charges a maximum investment management fee of 1.00%. Clients with less than the minimum initial investment amount (defined below) may be subject to a minimum annual fee, resulting in a fee rate of more than 1.00%. Fee breakpoints may also be available based on the amount of assets managed by Fort Pitt. Clients should consult their investment management agreement for detailed information about the fee rate that applies to them.

Fees are paid in advance, are calculated quarterly and are based on the market value of the portfolio, including any margin and/or cash balance, on the last trading day of the preceding month. For accounts opened after the commencement of a billing cycle, fees are prorated from the date the account is funded for investment and are charged at the start of the next month within the billing cycle. Fort Pitt may in its discretion waive certain initial and/or minimum fees. All fees are automatically deducted from clients’ accounts on a quarterly basis, unless otherwise agreed by the client and Fort Pitt. From time to time, in unusual circumstances, the above listed client fee schedules may be subject to negotiation.

Clients are responsible for any charges, commissions or fees imposed by mutual funds (including 12b-1 fees), ETFs, retirement plans, broker-dealers or platform sponsors as a result of any investment. Fees may include amounts charged by the custodian for services recommended and/or executed by Fort Pitt (i.e., margin interest, transaction fees, pledged asset fees, trade away fees). These fees are charged separately and are in addition to the fees charged by Fort Pitt. Fort Pitt does not receive commissions, 12b-1 fees or any portion of fees whatsoever paid by a client to any other party. Fort Pitt is not responsible for charging or collecting fees other than the investment management fees described above.

With respect to individual stocks (including ETFs), transaction fees (i.e., commissions) charged by the custodian can range from \$0.00 to \$16.99 per transaction. With respect to mutual fund investing, Fort Pitt strives to invest in the most cost-effective option available. Fort Pitt must first make a determination that the investment meets the needs of the client and then must review the available share classes of each mutual fund. All mutual funds have an internal annual expense ratio that is paid out of fund assets. These expenses, including a management fee paid to the fund’s adviser, are calculated as a percentage of the fund’s assets. If you invest \$10,000 in a mutual fund with an annual expense ratio of 0.50%, you pay \$50 a year to cover fund expenses. This amount is deducted from the mutual fund on an annual basis and gets paid even if the fund has negative returns. In addition, on an annual basis, each fund’s Board of Trustees is required to review the expenses to determine whether they are reasonable compared to other mutual funds.

Although the investments within a mutual fund are the same across all share classes, the expense ratios (i.e., costs) associated with the different share classes will vary. “No Transaction Fee” shares have a higher annual expense ratio (sometimes including a 12-b1 fee); however,

the custodians do not typically charge transaction fees for purchasing and selling shares. "No Transaction Fee" shares are typically less expensive for clients with smaller account balances and regular transactions (i.e., Required Minimum Distributions). "Transaction Fee" shares have a lower expense ratio (and no 12b-1 fee), and include fees charged by the custodian for the execution of each trade. Mutual fund transaction fees are generally charged at a rate of \$10 per trade; however, such fees can be \$49.95 or more based on the amount of the time that a fund has been held by a client. For clients who have a larger amount of investable assets and/or fewer transactions, a Transaction Fee share class is typically less expensive.

Although Fort Pitt does not collect fees from the custodians, a conflict of interest exists because Fort Pitt receives economic benefits for investing client assets in mutual funds held at Charles Schwab, Fidelity or TD Ameritrade. Please refer to Item 12 for more information about the broker-dealers utilized for client transactions. Fort Pitt does not have any control over the amounts charged by other parties; however, the firm proactively communicates with the broker-dealers and/or custodians utilized for client accounts to keep fees as low as possible.

As the investment adviser to the Fund, Fort Pitt may include the Fund as part of its recommendations to clients. This creates a conflict of interest due to the fact that Fort Pitt receives an economic benefit for any investment in the Fund. The Fund is a no-load fund and commissions (i.e., 12b-1 fees) are not received by Fort Pitt, as the adviser to the Fund. However, Fort Pitt does benefit from the management fees earned by serving as investment adviser to the Fund. Any Fort Pitt client invested in the Fund will pay the expense ratio associated with the Fund's operations (including a management fee as described in the prospectus) but will not pay an additional investment management fee to Fort Pitt on Fund shares. Client holdings in shares of the Fund are monitored on an ongoing basis. As the amount of assets invested in the Fund increases, it may be more cost effective for a Fund shareholder to transition their assets to a portfolio of individual equity securities.

Fort Pitt's Financial Consultants consider each client's investment objective, risk tolerance and many other factors when making investment recommendations, including the level of Fund shares to be held within a client's managed account(s). A conflict of interest exists to the extent that individual Fort Pitt Financial Consultants are entitled to receive a portion of a client's investment management fees when they bring a client into the firm. This internal incentive does not result in an increase of fees paid by any client of the firm.

Fort Pitt engages in compliance testing throughout each year as part of its Compliance Program in an effort to ensure that client interests are placed above the firm and any individual employee and that client investment objectives and risk tolerance are documented and adhered to when investing client assets. Clients may terminate their relationship with Fort Pitt at any time by providing written notification to Fort Pitt. A pro rata portion of any fees paid in advance will be promptly refunded to the client.

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

Fort Pitt does not charge performance-based fees.

## **Item 7 – Types of Clients**

Fort Pitt requires a minimum investment of \$500,000; however, the firm reserves the right to accept lower amounts. Fort Pitt currently provides investment management services to the following types of clients:

- Individuals, including high net worth individuals;
- Investment Companies (i.e., Fort Pitt Capital Total Return Fund);
- Pension and Profit-Sharing Plans;
- Corporations;
- Charitable Organizations; and
- State or Municipal Government Entities.

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

### **Analysis:**

Fort Pitt utilizes internal research in its stock, fixed income and mutual fund/ETF selection process and supplements its own research with the data and analysis of major U.S. investment and brokerage firms. Fort Pitt's own research consists of such things as participating in quarterly earnings calls, reaching out to broker-dealers to discuss potential opportunities for cost reductions and forming relationships with mutual fund companies to identify new classes of shares as they become available. Through these relationships, Fort Pitt's research team determines whether new share classes are available from the fund companies and whether Fort Pitt has access to those shares through each custodian.

Fort Pitt is committed to identifying products for investment (including equities, -fixed income and mutual funds/ETFs) based its own internal research using information such as performance, cost, style consistency and risk that are positioned to generate long-term total returns equal to or greater than market averages, in line with clients' risk parameters and long-term financial goals.

The management and monitoring of client assets are collaborative processes between the firm's Portfolio Managers and Financial Consultants. The firm's Portfolio Managers, led by Charles Smith, Chief Investment Officer, manage client portfolios based on the investment research efforts summarized above and based on instructions/restrictions provided by the Financial Consultants regarding the day-to-day needs of each client. Internal systems utilized by Fort Pitt have been designed to allow for fluid communications between the Financial Consultants and Portfolio Managers regarding cash needs, investment "restrictions" and client specific instructions.

It should also be pointed out that active portfolio management does not necessarily correlate to a certain number of trades being placed in client accounts. The number of buys and sells recommended within a Fort Pitt managed account will generally be low. Clients who make contributions to or request distributions from their accounts will see increased activity levels; however, the number of securities and/or re-allocations within client accounts generally will not change unless Fort Pitt's view of a particular company/security changes based on its internal research process.

Fort Pitt may sell a position when it believes the intrinsic value is fully realized, when growth prospects falter due to changing market or economic conditions, or when earnings fail to meet expectations. Independent verification by outside auditors validates the integrity of Fort Pitt's performance reporting process through the below listed composite portfolios.

**Investment Strategies:**

As described above, Fort Pitt will allocate client assets among Equity Securities, Fixed Income Securities and/or Mutual Funds (or any combination of these products) according to the needs of each client.

**Equity and Fixed Income Securities:**

Fort Pitt's investment philosophy is to buy well-run businesses at reasonable prices. We take a business owner's perspective rather than that of a trader, focusing on a business's ability to build value over time. Stock and bond portfolios are tailored to address clients' financial goals.

Fort Pitt's Portfolio Managers and Investment Policy Committee apply the following five step process:

1. Understanding client needs;
2. Applying a business-like approach to the management of assets;
3. Understanding and managing clients' risk tolerance;
4. Controlling costs; and
5. Monitoring, interpreting results and making adjustments as needed.

A fundamental "value-style" approach is used when actively managing individual stocks included in the equity portion of a client's portfolio. While Fort Pitt's equity investments are primarily comprised of large-cap securities, Fort Pitt also recommends investments in other categories of equity securities (i.e., mid-cap, small-cap) for diversification purposes. Individual - fixed income issues are used whenever discrete account size permits the achievement of appropriate fixed income diversification; however, overall quality and portfolio diversification is not sacrificed in the pursuit of yield. The fixed income portion of any client's portfolio is used to temper, not enhance, volatility. Such positions are held and are not regularly traded to capture valuation changes.

Cash will be invested in accordance with client objectives regarding cash levels and as opportunities arise to buy stocks and bonds at prices deemed to be attractive. Individual securities accounts can be designated by each client's Financial Consultant as either "Low Cash" or "High Cash" upon startup as a long-term target for cash or cash equivalents within the portfolio. Low Cash portfolios are typically structured to focus on long-term objectives. High Cash portfolios are structured to provide for regular client account withdrawals based on the income needs of the client. (Just fyi, we do not have this 'cash' designation for client accounts – EJR)

Fort Pitt also utilizes ETFs to allocate assets among a diversified mix of securities that include domestic equities, international equities and bonds. Specific analysis of investable ETFs includes a review of the management team, the historical risk and return characteristics of the ETF as well as any other factors considered relevant.

#### **No-Load Mutual Funds:**

Client mutual fund accounts are personalized and managed using carefully researched and selected mutual funds. Fort Pitt's Portfolio Managers and Financial Consultants apply the following five step process:

1. Establish an investment policy based on clients' stated goals and objectives;
2. Choose appropriate investment categories to obtain the right risk/return balance;
3. Determine how much to invest in each selected category;
4. Identify and select the funds in each category; and
5. Provide ongoing investment management and review.

Fort Pitt encourages all clients to read the prospectus for any recommended fund investment and contact their Financial Consultant with any questions. Fort Pitt has created composites for reporting and separating client assets. The following composites are made up of client portfolios with similar investment strategies.

1. **Total Return Composite** contains fully discretionary total return tax exempt accounts over \$250,000. The composite seeks to realize the combination of long-term capital appreciation and income that will produce maximum total return. It will invest primarily in common stocks of large, mid and small-sized U.S. companies. It may also invest in fixed-income investments when Fort Pitt determines that prospective returns from fixed income securities are competitive with those of common stocks.
2. **Taxable Total Return Composite** contains fully discretionary total return non-tax qualified accounts over \$250,000. The composite seeks to realize the combination of long-term capital appreciation and income that will produce maximum total return. It will invest primarily in common stocks of large, mid, and small-sized U.S. companies. It may also invest in fixed-income investments when Fort Pitt

determines that prospective returns from fixed income securities are competitive with those of common stocks.

3. **Total Return Under \$250,000 Composite** contains fully discretionary total return accounts less than \$250,000. The composite seeks to realize the combination of long-term capital appreciation and income that will produce maximum total return. It will invest primarily in common stocks of large, mid, and small-sized U.S. companies. It may also invest in fixed-income investments when Fort Pitt determines that prospective returns from fixed income securities are competitive with those of common stocks.
4. **Growth – Strategic Asset Allocation Composite** contains fully discretionary asset allocation accounts with capital appreciation as the primary objective. Accounts will invest primarily in equity mutual funds.
5. **Moderate Growth – Strategic Asset Allocation Composite** contains fully discretionary asset allocation accounts with a combination of growth and income as the objective. Accounts will invest approximately 2/3 in equity mutual funds and 1/3 in fixed income mutual funds.
6. **Balanced – Strategic Asset Allocation Composite** contains fully discretionary asset allocation accounts with growth and income split as the objective. Accounts will invest approximately ½ in fixed income mutual funds and ½ in equity mutual funds.
7. **Conservative – Strategic Asset Allocation Composite** contains fully discretionary asset allocation accounts with capital preservation as the objective. Accounts will invest approximately 2/3 in fixed income mutual funds and 1/3 in equity mutual funds.
8. **Investment Grade Fixed Income Composite** contains discretionary accounts composed primarily of individual bonds with income as the primary objective.
9. **Bond Mutual Fund Composite** contains fully discretionary asset allocation accounts with capital preservation as the primary objective. Accounts will invest primarily in bond mutual funds.
10. **Total Return Retail Composite** contains fully discretionary total return accounts. Accounts in the composite have a unique expense structure and unpredictable cash flows. The composite seeks to realize the combination of long-term capital appreciation and income that will produce maximum total return. It will invest primarily in common stocks of large, mid, and small-sized U.S. companies. It may also invest in fixed-income investments when Fort Pitt determines that prospective returns from fixed income securities are competitive with those of common stocks. The composite will also hold cash. The cash weighting has typically been between 5%-15%.

Clients may request more detailed information about Fort Pitt's composites by contacting the firm at the address, telephone number and/or email address on the cover page. In addition to these composites, there are several other model portfolio approaches that may be used in managed client accounts.

**Risks:**

All investments in securities include a risk of loss of principal (invested amount) and any profits that have not been realized. Stock markets and bond markets fluctuate substantially over time. In addition, the performance of any investment is not guaranteed. Fort Pitt will manage client assets to the best of its ability; however, Fort Pitt cannot guarantee any level of performance or that clients will not experience a loss of account assets.

There is always the risk that certain asset allocation decisions may not achieve the desired results and, as a result, a client's portfolio may underperform.

Equity securities represent an ownership percentage in a company. Certain investment risks relate to a company's market capitalization. Large capitalization companies generally include companies with market capitalizations of greater than \$10 billion. Larger, more established companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes. Many larger companies also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

Mid capitalization securities are typically defined as companies with market capitalizations that are between \$2 billion and \$10 billion. Mid capitalization stocks tend to be riskier than large capitalization stocks but less risky than small capitalization stocks. Mid capitalization stocks, however, tend to offer more growth potential than large capitalization stocks as they can often transform into large capitalization stocks.

Small capitalization companies generally have a market capitalization of greater than \$300 million and less than \$2 billion. Small capitalization companies often involve higher risks than larger, more established companies because these companies may lack the management experience, financial resources, product diversification and competitive strengths of larger companies. In addition, the frequency and volume of their trading are substantially less than is typical of larger companies. Therefore, the securities of small capitalization companies may be subject to greater price fluctuations. Small capitalization companies also may not be widely followed by investors, which can lower the demand for their stock. In addition, a major risk involves the company's ability to create shareholder value (i.e., increase the value of the company's stock price).

Global investment risk is a broad term encompassing many different types of international risk factors, including currency risks, political risks, and interest rate risks. International investors should carefully consider these risk factors before investing in global securities. Currency Risk is the risk associated with fluctuations in a foreign currency relative to the U.S. dollar. For example, a foreign company may report 25% earnings growth, but if its local currency depreciates by 10% relative to the U.S. dollar, the real growth rate is just 15% when the profits are converted back into U.S. dollars. Political Risk is the risk associated with foreign governments and politics. Interest Rate Risk is the risk of unfavorable changes to monetary policy. For instance, an emerging market economy may decide that its growing too quickly and

act to contain inflation by hiking interest rates. These dynamics could have a negative impact on the value of financial assets that are priced based upon those interest rates.

Discerning what exactly differentiates developed and emerging markets can be challenging. Developed market countries are usually the most advanced economically. As well, they have highly developed capital markets with high levels of liquidity, meaningful regulatory bodies, large market capitalization, and high levels of per capita income. An emerging market is, in short, a country in the process of rapid growth and development with lower per capita income and less mature capital markets than developed countries.

As illustrated above, investing primarily in one category (i.e. large cap) carries the risk that due to current market conditions that category may be out of favor. Fort Pitt attempts to diversify client portfolios to limit the impact of an adverse business development that may occur to one or two companies held within client portfolios. However, it is possible that a single economic event could affect the companies in a client's portfolio, particularly if that client has directed Fort Pitt to maintain concentrated positions in a certain economic sector. In addition, as investments will be periodically reallocated within client accounts, there are transaction costs which may be, over time, significant.

Although not a principal risk, Fort Pitt's managed fixed income portfolios may also be subject to risks related to a company's ability to retire its debt at maturity, the current interest rate environment (which has been historically low), the coupon or dividend rate promised to bond holders and legal constraints. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have additional liquidity and currency risks. Call provisions allow an issuer to redeem a bond. An issuer is most likely to call its bonds when interest rates fall. In that situation the issuer seeks to lower its expenses by redeeming bonds and then reissuing them to take advantage of the lower interest rates. Such actions could result in losses.

### **Cybersecurity Risks:**

The computer systems, networks and devices used by Fort Pitt and its service providers to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by Fort



Pitt and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future. Fort Pitt identifies and assesses Cybersecurity Risks on an ongoing basis and has designed and is committed to updating its internal policies and procedures to address those risks to protect client information. Additional information regarding the firm's efforts to protect client information is available upon request.

## **Item 9 – Disciplinary Information**

Fort Pitt does not have any legal, financial or other “disciplinary” item to report. Fort Pitt is required to disclose any disciplinary event that would be material to clients when opening an account or promptly upon discovery of such an event/item. This statement applies to the firm, and every employee.

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

Theodore Bovard and Michael Blehar are licensed insurance agents and write fixed annuities, as well as life, health, disability and long-term care insurance policies on behalf of Pittsburgh Brokerage Services, Inc. and other insurance agencies. The insurance services provided by these individuals are separate from the advisory services provided by Fort Pitt or any other Focus Partner. Mr. Bovard and Mr. Blehar receive separate compensation for acting as insurance agents and purchasing insurance and insurance-related products for clients of Fort Pitt. Mr. Bovard and Mr. Blehar generally spend less than 2% of their time on such activities.

### **Focus Financial Partners, LLC**

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. Because Fort Pitt is an indirect, wholly-owned subsidiary of Focus LLC and Focus Inc., the Stone Point and KKR investment vehicles are indirect owners of Fort Pitt.

Fort Pitt does not believe that the Focus Partnership presents a conflict of interest with the firm's clients. Fort Pitt has no business relationship with other Focus Partners that is material to its advisory business or to its clients. None of KKR, Stone Point, or any of their affiliates participates in the management or investment recommendations of Fort Pitt's business.

## Item 11 – Code of Ethics

Fort Pitt has adopted a Code of Ethics which contains internal controls for the identification and mitigation of conflicts of interest and controls for providing disclosures to clients. Fort Pitt's Code of Ethics and Insider Trading policies and procedures provide for, among other things:

- Restricting access to client files;
- Providing continuing education and training to all employees;
- Restricting and/or monitoring trading on those securities for which the firm's employees have material nonpublic information;
- Requiring Fort Pitt employees to report and obtain pre-approval for all reportable personal transactions, outside business activities, political contributions from the Chief Compliance Officer;
- Monitoring the securities trading of Fort Pitt and its employees; and
- Disclosing and/or mitigating any actual or perceived conflicts of interest of Fort Pitt and its employees.

Fort Pitt and its employees may purchase securities (including shares of the Fund) for their personal accounts that they also recommend to firm clients. The majority of securities and mutual funds/ETFs used by the firm are widely held and publicly traded, thereby all but eliminating conflicts of interest. In addition, employees of Fort Pitt may choose to have their account managed by Fort Pitt, like any other client. In such cases, employee accounts would receive the same average share price and/or random allocation on the same day that client trades are being executed.

Employees will not take into consideration their own financial situation when providing investment advice to clients. All employees shall use their best judgment when providing investment advice. Fort Pitt conducts testing of employee trading activity against client trading activity each quarter to ensure that employees are not utilizing information obtained as part of their work with Fort Pitt for their own benefit rather than for the benefit of clients.

Fort Pitt requires all employees to sign an acknowledgment of receipt of the Code of Ethics at the time of hire, as amended and annually thereafter. Compliance is the responsibility of every employee of Fort Pitt. Fort Pitt's Chief Compliance Officer is committed to fostering a strong culture of compliance within the firm and encourages all employees and clients to ask questions about the firm's Code of Ethics and policies and procedures. Clients may request a complete copy of Fort Pitt's Code of Ethics by contacting the Chief Compliance Officer at the address, telephone number and/or email address on the cover page.

## **Item 12 – Brokerage Practices**

Fort Pitt's policy is to seek the best price and most favorable execution of client transactions considering all circumstances. In most cases, Fort Pitt has complete discretionary authority to determine the securities to be bought or sold, including the amount of such securities, consistent with the terms of the Agreement signed by each client.

Subject to this overall policy, in selecting brokers for client transactions, Fort Pitt considers a variety of factors, including, but not limited to, commission rates, speed and quality of execution, financial strength, research capabilities and ease of accessing research, and overall responsiveness of the broker to client and firm requests and inquiries. Proven commitment by brokers to maintaining and advancing available technology is also considered. Fort Pitt does not always place brokerage transactions on the basis of the lowest possible commission rate available for a particular transaction.

Fort Pitt does not maintain custody of clients' assets although Fort Pitt shall have custody to the extent that the firm directly debits fees and/or submits withdrawal requests on clients' behalf based on standing instructions. Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Fort Pitt currently recommends that clients establish custodial relationships and corresponding brokerage accounts with Charles Schwab, Fidelity Investments and/or TD Ameritrade. Transactions are executed by broker-dealers upon instruction from Fort Pitt. Fort Pitt may also be designated as an authorized provider on other custodial platforms in order to provide services to clients that come to Fort Pitt with existing brokerage/custodial relationships. While Fort Pitt recommends the above custodians, all clients enter into a separate custodial agreement with their chosen custodian.

Fort Pitt is independently owned and operated and is not affiliated with Charles Schwab, Fidelity Investments or TD Ameritrade, all FINRA registered broker-dealers. Fort Pitt does not receive any formal soft dollar benefits from Charles Schwab, Fidelity Investments or TD Ameritrade; however, the firm has access to certain products and services and receives certain benefits (as described below and in Item 14) as a result of the firm's recommendations of their brokerage and custodial services.

### **Charles Schwab**

Schwab Advisor Services is Charles Schwab's business serving independent investment advisory firms like Fort Pitt. Charles Schwab provides Fort Pitt with access to its institutional trading and custody services. In addition, Charles Schwab provides trading, custody, reporting and related services which are typically not available to retail investors. Charles Schwab also makes available various support services, some of which help Fort Pitt manage client accounts while others help Fort Pitt grow its business.

Charles Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are generally available only to institutional investors or would require a significantly higher minimum initial investment. These services generally benefit Fort Pitt clients and their accounts.

For Fort Pitt's client accounts maintained in its custody, Charles Schwab does not charge separately for custody services but is compensated by charging clients commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab or that settle into Charles Schwab accounts. Charles Schwab's commission rates and fees were negotiated by Fort Pitt based on the firm's commitment to maintain a certain level of client assets in accounts custodied at Charles Schwab. This commitment benefits the firm's clients because the overall commission rates and fees charged are lower than they would be if Fort Pitt had not made that commitment. Charles Schwab charges a flat dollar amount as a "trade away" fee for each trade executed at a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Charles Schwab account. These fees are in addition to the commission or other compensation paid by the client to the executing broker-dealer. Because of this, in order to minimize trading costs, Fort Pitt will execute most trades for a Charles Schwab account through Charles Schwab.

Charles Schwab also makes available to Fort Pitt other products and services that benefit the firm but may not directly benefit client accounts. Many of these other products and services are used to service all or some substantial number of Fort Pitt's accounts, including accounts not maintained at Charles Schwab. Such services include research (both Charles Schwab's own research and that of third parties), software and other technology 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; provide pricing and other market data; facilitate payment of Fort Pitt's fees from client accounts; and assist with back-office functions, recordkeeping and client reporting.

Charles Schwab also offers other services intended to help Fort Pitt manage and further develop its business enterprise. These services include educational conferences and events; technology, compliance, legal and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers. In some cases, Charles Schwab may make these services available itself. In other cases, Charles Schwab will arrange for third-party vendors to provide the services to Fort Pitt. Charles Schwab 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 Fort Pitt.

Charles Schwab may also provide other benefits such as occasional business entertainment to firm personnel. In evaluating whether to recommend that clients

custody their assets at Charles Schwab, Fort Pitt may consider the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers which creates a potential conflict of interest.

### **Fidelity Investments**

Factors that Fort Pitt considers in recommending Fidelity Investments include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables Fort Pitt to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other broker-dealers. Fort Pitt may also receive from Fidelity Investments, without cost, computer software and related systems support because Fort Pitt renders investment management services to clients that, combined, maintain a certain level of assets at Fidelity Investments.

In addition, Fort Pitt receives the following benefits from Fidelity Investments through their Registered Investment Advisor Group: receipt of duplicate client confirmations and statements, access to a trading desk that exclusively services its participants, access to block trading which provides the ability to combine or batch securities transactions and then allocate the appropriate shares to client accounts, and access to an electronic communications network for client order entry and account information.

### **TD Ameritrade**

Fort Pitt participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Fort Pitt and its clients receive benefits through its participation in TD Ameritrade’s Institutional Customer Program that are typically not available to their retail investors. There is no direct link between Fort Pitt’s participation in the Program and the investment advice it gives to its clients. The benefits received by Fort Pitt include: receipt of duplicate client confirmations; research related products and tools; consulting services; access to a trading desk serving Program participants; access to block trading; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Fort Pitt by third-party vendors. TD Ameritrade may also pay for business consulting and professional services received by Fort Pitt and its employees. Some of the products and services made available by TD Ameritrade through the Program benefit the firm but not its client accounts. These products and services assist Fort Pitt in managing and administering client accounts,

including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Fort Pitt manage and further develop its business enterprise. The benefits received by Fort Pitt do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, Fort Pitt endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Charles Schwab, Fidelity Investments and TD Ameritrade create a potential conflict of interest and may indirectly influence Fort Pitt's choice for custody and brokerage services. No commissions or fees of any kind will be paid by Charles Schwab, Fidelity Investments and/or TD Ameritrade to Fort Pitt with respect to transactions on behalf of clients or for management of client assets.

Fort Pitt strives to execute each securities transaction in such a manner that the client's total cost or proceeds in each transaction is the most favorable when compared to other available providers and their services. Fort Pitt will block, batch, bunch or aggregate client orders whenever possible to enable all clients that participate in a particular order to receive the same average share price. When executing trades, Fort Pitt will rotate the order in which the trade orders are placed to ensure that the trades executed at a specific broker are not always placed first. In most cases, Fort Pitt will execute client transactions using the broker-dealer/custodian chosen by the client at the time of account opening. On occasion, however, Fort Pitt may determine that for certain types of securities (primarily fixed income) it is beneficial to execute transactions through another broker-dealer.

With respect to any broker-dealer utilized by the firm, Fort Pitt considers a wide range of factors including, among other things: (i) transaction execution services along with asset custody services; (ii) capability to execute (buy/sell), clear and settle trades; (iii) capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc); (iv) breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.); (v) availability of investment research and tools to assist in making investment decisions; (vi) quality of services; (viii) competitiveness of fees for all services and willingness to negotiate them; (ix) reputation, financial strength and stability of the provider; (x) prior services provided to Fort Pitt and the firm's clients; (xi) availability of products and services that further benefit Fort Pitt, as described in Item 14 below. Fort Pitt reviews these factors on an ongoing basis, conducts a quarterly review of the firm's brokerage practices and documents its best execution testing with respect to all broker-dealers utilized for client transactions during each quarter.

Fort Pitt believes in value investing and as such utilizes limit orders in most instances. Due to this trading strategy, it may take several weeks/months for a trade to be fully executed. Nevertheless, each daily partial execution will be allocated randomly among client accounts included in the original trade and each client will receive that day's average price and average commission, subject to minimum ticket charges.

To the extent that brokerage transactions are placed based on client direction and/or with a particular broker-dealer, as directed by a client, Fort Pitt's ability to negotiate commissions, aggregate orders and seek execution of transactions as efficiently as possible and at the best price, may be limited or eliminated. Clients that direct Fort Pitt to use a particular broker-dealer may pay higher commissions than those who do not. To date, Fort Pitt has not entered into any client directed brokerage arrangements. Fort Pitt does not engage in Principal Trading or Agency Cross Transactions.

### **Item 13 – Review of Accounts**

Fort Pitt's Portfolio Managers review portfolio holdings on an ongoing basis. Individual client reviews are periodically conducted by Financial Consultants and can be provided on an "as needed" or "as requested" basis as dictated by the client.

Prior to each client review, Fort Pitt assembles a summary of the historical information provided to Fort Pitt by the client. Fort Pitt and the client should review this information together to determine if updates are necessary. Additionally, a review of the client's overall portfolio structure and asset allocation is conducted to ensure that it is consistent with the client's stated objective, time horizon and risk tolerance. Each investment position is also reviewed to ensure that it continues to be an appropriate investment for the portfolio.

On a more frequent basis, various triggering factors can occur which necessitate the review of client accounts by the Portfolio Managers and/or the Investment Policy Committee. These factors include significant changes in stock market prices, bond market prices and other capital market movements, changes in interest rates, inflation rates, GDP growth and international currency movements and/or changes in the investment products made available to the firm.

The Investment Policy Committee is made up of Fort Pitt's Financial Consultants, Portfolio Managers and research staff. The Committee provides general oversight of the Financial Consultants and Portfolio Managers, makes investment decisions for portfolio holdings and reviews client account performance and suitability.

### **Reports**

As part of the firm's active Investment Management Services, clients of Fort Pitt receive quarterly reports on their managed account assets. Each client's quarterly report includes the following:

1. Portfolio information detailing quarter end positions, prices, shares, market values, percentages of portfolio.
2. Performance summary showing portfolio percentages indicating the returns of your investments for certain time periods including: quarterly and year-to-date, as well as the performance of various benchmarks.
3. Summaries of fees paid by and through the account(s) for the quarter.

Fort Pitt delivers quarterly client reports electronically through a secure, internet-based document hosting portal. A client may also request that hard copy reports are mailed to their address of record. Clients will receive transaction statements at least quarterly from their custodian.

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

Fort Pitt has arrangements in place with certain third parties whereby the firm provides compensation for client referrals. Solicitation arrangements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of Fort Pitt for investment management services. Fort Pitt addresses these conflicts through this disclosure. If a client is introduced to Fort Pitt by a solicitor, the firm has agreed to pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements.

Any referral fees incurred for successful solicitations are paid solely from Fort Pitt's investment management fee, and do not result in any additional charge to the client. If the client is introduced to Fort Pitt by a solicitor, at the time of solicitation, the solicitor is required to provide the client with a copy of the firm's written disclosure Brochure (i.e., Form ADV Part 2A) and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement, including the compensation the solicitor is to receive.

Fort Pitt has solicitor relationships with the firms and individuals described below. Fort Pitt at least annually confirms that these solicitors are providing clients with a current copy of Fort Pitt's written disclosure statement along with the required written solicitor disclosure documents.

### **Fidelity Investments**

Fort Pitt participates in the ***Fidelity Wealth Advisor Solutions Program ("WAS Program")*** through which Fort Pitt receives referrals from Fidelity Personal and Workplace Advisors LLC ("FPWA"), a registered investment adviser and Fidelity Investments company. Fort Pitt is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control Fort Pitt, and FPWA has no responsibility or oversight for Fort Pitt's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for Fort Pitt, and Fort Pitt pays referral fees to FPWA for each referral received based on Fort Pitt's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from FPWA to Fort Pitt does not constitute a recommendation or endorsement by FPWA of Fort Pitt's particular investment management services or strategies.



More specifically, Fort Pitt pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as “fixed income” assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, Fort Pitt has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by Fort Pitt and not the client.

To receive referrals from the WAS Program, Fort Pitt must meet certain minimum participation criteria, but Fort Pitt may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services LLC (“FBS”). As a result of its participation in the WAS Program, Fort Pitt may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Fort Pitt may have potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Fort Pitt as part of the WAS Program. Under an agreement with FPWA, Fort Pitt has agreed that Fort Pitt will not charge clients more than the standard range of advisory fees disclosed in Item 5 above to cover the solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, Fort Pitt has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when Fort Pitt’s fiduciary duties would so require, and Fort Pitt has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA’s affiliates to another custodian; therefore, Fort Pitt may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit Fort Pitt’s duty to select brokers on the basis of best execution.

### **Charles Schwab**

Fort Pitt receives client referrals from Charles Schwab through participation in **Schwab Advisor Network**, an adviser referral service designed to help investors find an independent personal investment manager in their area. Fort Pitt pays Charles Schwab a Participation Fee on all referred clients’ accounts that are maintained in custody at Charles Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Fort Pitt is a percentage of the value of the assets in the client’s account. Fort Pitt pays Charles Schwab the Participation Fee as long as the referred client’s account remains in custody at Charles Schwab. The Participation Fee is billed to Fort Pitt quarterly and may be increased, decreased or waived by Charles Schwab from time to time.

Fort Pitt generally pays Charles Schwab a Non-Schwab Custody Fee if custody of a referred client’s account is not maintained by, or assets in the account are transferred from Charles Schwab. This fee does not apply if the client was solely responsible for the

decision not to maintain custody at Charles Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Charles Schwab.

The Non-Schwab Custody Fee is higher than the Participation Fees Fort Pitt generally would pay in a single year. Thus, Fort Pitt will have an incentive to recommend that client accounts be held in custody at Charles Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of clients who were referred by Charles Schwab and those referred clients' family members living in the same household. Thus, Fort Pitt has an incentive to encourage household members of clients referred through the Advisor Network Program to maintain custody of their accounts and execute transactions at Charles Schwab and to instruct Charles Schwab to debit Fort Pitt's fees from the accounts.

#### **TD Ameritrade**

Fort Pitt receives client referrals from TD Ameritrade through its participation in ***TD Ameritrade's AdvisorDirect Program***. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Fort Pitt may have been selected to participate in AdvisorDirect based on the amount of profitability to TD Ameritrade of the assets in and trades placed for client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Fort Pitt and there is no employee or agency relationship between them. TD Ameritrade established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Fort Pitt and has no responsibility for the management of Fort Pitt's client portfolios or other advice or services. Fort Pitt pays TD Ameritrade an on-going fee for each successful client referral; however, Fort Pitt will not charge higher fees/costs or pass on TD Ameritrade referral fees to AdvisorDirect clients. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Fort Pitt ("Solicitation Fee"). Fort Pitt will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Fort Pitt from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Fort Pitt on the recommendation of such referred client. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Fort Pitt's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisers that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, to obtain client referrals from TD Ameritrade, Fort Pitt has an incentive to recommend to clients that their assets

under management are held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Fort Pitt has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Fort Pitt's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **Separate Solicitation Agreements**

Fort Pitt has entered into separate Solicitors and/or Consulting Agreements with several individuals and/or entities pursuant to which any one of them can be paid for referring clients to Fort Pitt. These individuals are not affiliated with Fort Pitt and have no responsibility with respect to choosing investments or managing client portfolios. Solicitation arrangements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. Fort Pitt addresses these conflicts through this disclosure and remaining in compliance with the SEC's cash solicitation rule. Pursuant to the terms of each individual's solicitation agreement, Fort Pitt will pay out a percentage of the investment management fee for any referred client. A description of the exact percentage of fees to be paid to any one of these individuals is provided to each solicited client as part of their solicitor disclosure documents.

### **Other Benefits**

Fort Pitt's parent company is Focus Financial Partners LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include Fort Pitt, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Fort Pitt. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Fort Pitt. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Fort Pitt to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the costs of the meeting or future meetings and not as revenue for itself or any affiliate, including Fort Pitt. Conference sponsorship fees are not dependent on assets being placed with any specific provider or revenue generated by such asset placement. The following entities have provided conference sponsorship to Focus in the last year: BlackRock, Inc., Fidelity Brokerage Services, LLC, Orion Advisor Services, LLC and Charles Schwab & Co, Inc.

Fort Pitt also receives other economic benefits in the form of monetary support for client appreciation dinners, client seminars, educational conferences and meetings and related materials sponsored by various financial institutions, including but not limited to custodians, broker-dealers (including those listed above), mutual funds, insurance and annuity companies and other vendors with whom Fort Pitt has an agreement for products and services. Fort Pitt receives monetary support and business development allowances for technology, investment research, marketing and advertising from these entities, as well as monetary support and/or guest speakers for client events. The availability of such products and services is not based on Fort Pitt giving particular investment advice, such as buying and selling specific securities for clients; however, clients should be advised that a conflict of interest exists to the extent that Fort Pitt recommends products from these financial institutions or other vendors.

### **Item 15 – Custody**

Fort Pitt does not maintain custody of client funds and/or securities except to the extent that the firm directly debits investment management fees from client accounts and has the ability to submit third party withdrawals (i.e., checks, wires, journals, MoneyLink) to the custodian(s) on clients' behalf, based on standing instructions. Any contributions received from clients (checks received for cash deposits or Retirement Asset rollovers) are deposited into client accounts promptly (typically within 24 hours) upon receipt. Logs are maintained and tested is performed to ensure that client deposits are processed in an accurate and timely manner.

In addition to the quarterly account statements provided by Fort Pitt to all clients (as described in Item 13 above), clients will receive account statements directly from their qualified custodian at least quarterly. Statements are sent to the email or postal mailing address provided by clients to their qualified custodian. Fort Pitt urges clients to enable electronic delivery of their custodial account statements as that delivery method entitles the account holder to reduced commissions and/or transaction costs. All clients are also encouraged to compare the account statements received from the qualified custodian and the Reports provided by Fort Pitt (described in Item 13 above).

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

In most cases, Fort Pitt has the authority to determine, without obtaining specific client consent, the securities to be bought and sold in client accounts and the amount of such securities to be bought and/or sold. On a more limited basis, and only upon client request, Fort Pitt provides non-discretionary investment advisory services. The terms and conditions of any services provided by Fort Pitt are dictated by the Agreement signed by the client and Fort Pitt.

Fort Pitt maintains discretion over the choice of broker for all fixed income transactions. With respect to all other trading activity, Fort Pitt recommends certain broker-dealers and each client selects their broker-dealer at the time of account opening. Fort Pitt does not determine

the amount of brokerage commissions to be charged for transactions in client accounts, however, due to Fort Pitt's relationships with certain broker-dealers (as described in Item 14 above), clients may be entitled to reduced or waived commissions in certain circumstances.

### **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

Fort Pitt votes proxies as required for client accounts where the power has been granted by clients to the firm. The firm's guiding principle is to do what is believed to be in the best interest of shareholders when voting proxies. Any items to be voted upon by shareholders must be considered from the perspective of the shareholder, not from any contact that Fort Pitt has had with the management of a given company. While the directors and/or trustees of a publicly traded company are entrusted to act in the best interests of shareholders, it is ultimately the shareholders who must make this determination.

Any potential merger, acquisition or divestiture will be judged on its merits for the shareholders on whose behalf Fort Pitt acts. This may result in the approval or disapproval of actions recommended by the board of directors or management. In managed mutual fund accounts, Fort Pitt expects that the independent trustees of each fund will act in the best interests of shareholders. However, experience dictates that this may not always be the case. In proxy matters, Fort Pitt will vote proxies in a manner that is in the best interest of the current shareholders of that security.

In the event of any potential conflicts of interest, the matter will be forwarded to Fort Pitt's Proxy Voting Manager. The Proxy Voting Manager will consult with the Chief Investment Officer to determine an appropriate course of action. If the firm is unable to determine which way to vote a proxy, a third-party proxy voting service will be engaged to assist Fort Pitt in determining what action to take.

Owners of discretionary portfolios managed by Fort Pitt have the right, but not the obligation to assume responsibility for the voting rights of the shares that are owned in a non-managed account. A full copy of Fort Pitt's proxy voting policies, as well as information regarding how a particular issue was voted, is available by contacting the firm at the address, telephone number and/or email address on the cover page.

### **Item 18 – Financial Information**

Fort Pitt does not require prepayment of advisory fees six months or more in advance; therefore, the firm is not required to provide an audited financial statement.

# Fort Pitt Capital Group LLC

## 2019 Privacy Notice

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). All financial companies choose how they share your nonpublic personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your nonpublic personal information. Even when you are no longer our customer, we will only share your nonpublic personal information as described in this notice. Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.<sup>1</sup>

### INFORMATION WE COLLECT

Fort Pitt collects certain personally identifiable financial information about its customers to ensure that it offers the highest quality financial services and products. The personally identifiable financial information we gather during the normal course of doing business with you may include:

1. Social Security number, income, and account balances.
2. Information we receive from you on applications or other forms;
3. Information about your transactions with us, our affiliates, or others;
4. Information collected through an Internet "cookie" (an information collecting device from a web server); and
5. Information we receive from a consumer reporting agency.

We collect your non-public personal information in a variety of ways including: when you open an account or give us your income information, tell us about your portfolio or deposit money, or enter into an investment advisory contract. We also collect your nonpublic personal information from other companies. For example, from the custodians who hold your account assets.

### INFORMATION WE DISCLOSE

All financial companies need to share customer's nonpublic personal information to run their everyday business. Below, we describe the reasons we can share your nonpublic personal information and whether you can limit this sharing.

We share your non-public personal information for our everyday business purposes such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, report to credit bureaus, to protect the confidentiality or security of your records, or as permitted by law.

Federal law gives you the right to limit only sharing non-public personal information: 1) about your credit worthiness for our affiliates' everyday business purposes; 2) about you with our affiliates to

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<sup>1</sup> Nonpublic personal information means personally identifiable financial information and any list, description or other grouping of consumers that is derived using any personally identifiable financial information that is not publicly available.

market to you; and 3) with non-affiliates to market to you. We don't share nonpublic personal information about your creditworthiness with our affiliates for their everyday business purposes; with our affiliates to market to you; or with non-affiliates to market to you. We also don't share your nonpublic personal information for joint marketing with other financial companies. State laws and individual companies may give you additional rights to limit sharing.

In accordance with Regulation S-P, we may disclose the information we collect to certain nonaffiliated third parties such as attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We are an affiliate of Focus Financial Partners, LLC and we and other affiliates of Focus share certain of your personal information with an unaffiliated third party for the purpose of aggregating it and providing summary information based on this data to our parent company Focus. Contractual agreements with all nonaffiliated third parties prohibit them from disclosing or using the information other than to carry out the purposes for which we disclose the information. **California Residents:** Except as allowable by law, we will not disclose or share information that we collect about California residents with non-affiliated third parties.

### **CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

Our policy about obtaining and disclosing non-public personal information may change from time to time. We will provide you notice of any material change to this policy before we implement the change.

If you have any questions, please call us at 412-921-1822 or go to our website at [www.fortpittcapital.com](http://www.fortpittcapital.com).