

# Fort Pitt Capital Group, LLC

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## July 31, 2017

Fort Pitt Capital Group, LLC'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, LLC.

***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 us at 412-921-1822 or [FPCG@fortpittcapital.com](mailto:FPCG@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 our firm name). Results will provide you both Part 1 and 2 of our Form ADV.***

Fort Pitt is a registered investment adviser with the SEC. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure are information you can use to evaluate us (and other advisers).

## Item 2 – Material Changes

1. In July 2017, investment vehicles affiliated with Stone Point Capital LLC (“Stone Point”) and Kohlberg Kravis Roberts & Co. L.P. (“KKR”) each made an investment in Focus Financial Partners, LLC (“Focus”). This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus and the KKR investment vehicles collectively becoming a minority owner of Focus. Because Fort Pitt Capital Group LLC (“Fort Pitt”) is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of Fort Pitt. Items 4 and 10 has been revised to reflect this new ownership structure.
2. If you would like another copy of this Brochure, please contact us at 412-921-1822 or [FPCG@fortpittcapital.com](mailto:FPCG@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. Theodore Bovard, Michael Blehar and Charlie Smith service clients as Directors and Officers of Fort Pitt. Fort Pitt’s primary office is located in Pittsburgh, PA with a secondary location in Bonita Springs, FL.

Fort Pitt is part of the Focus Financial Partners, LLC (“Focus”) partnership. As such, Fort Pitt is a wholly-owned subsidiary of Focus Operating, LLC, which is a wholly-owned subsidiary of Focus. Focus 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.

In July 2017, investment vehicles affiliated with Stone Point Capital LLC (“Stone Point”) and Kohlberg Kravis Roberts & Co. L.P. (“KKR”) each made an investment in Focus. This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus and the KKR investment vehicles collectively becoming a minority owner in Focus. Because Fort Pitt is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of Fort Pitt.

Fort Pitt provides investment advisory services to clients on both a discretionary and non-discretionary basis.

As of December 31, 2016:

Discretionary Assets Under Management	\$2,056,830,089
Non-Discretionary Assets Under Management	<u>\$ 3,338,916</u>
Total	\$2,060,169,005

Our 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. 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 will adhere and comply with the following Impartial Conduct Standards;

- (1) When providing investment advice to a Retirement Investor (described below), Fort Pitt will provide investment advice that is, at the time of the recommendation, in the Best Interest of the Retirement Investor. Such advice shall reflect the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances, and needs of the Retirement Investor, without regard to the financial or other interests of Fort Pitt or any affiliate, related entity, or other party;
- (2) The recommended transaction will not cause Fort Pitt or their affiliates or related entities to receive, directly or indirectly, compensation for their services that is in excess of “reasonable compensation” as that term is defined in ERISA section 408(b)(2).
- (3) Statements by Fort Pitt to the Retirement Investor about the recommended transactions, fees and compensation, conflicts of interest, and any other matters relevant to a Retirement Investor's investment decisions, will not be materially misleading at the time they are made.

The designated Impartial Conduct Standards officer for Fort Pitt is Theodore M. Bovard in consultation with other members of the compliance team. Mr. Bovard will be responsible for addressing material conflicts of interest and monitoring Fort Pitt’s adherence to the Impartial Conducts Standards.

### **Investment Management Services**

Fort Pitt manages client assets according to one (or more) of three investment strategies:

- Individual Equity Securities;
- Fixed Income Securities (taxable and tax free);
- Mutual Fund Asset Allocation Portfolios;

Through discussions and the completion of a client questionnaire, Fort Pitt will assist clients in developing an investment strategy and setting reasonable investment objectives based on their financial goals and attitudes towards risk. Fort Pitt will then strive to achieve performance results that are consistent with the clients’ stated investment objectives and risk tolerance. 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 uses one of several standardized composite portfolios and/or creates customized recommendations in order to adequately address a client's needs. The 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 about Fort Pitt's composite portfolios.

In addition, at any time, individual clients may impose reasonable restrictions on their account and/or direct Fort Pitt to place trades as a result of their own personal research, needs and desires. 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 client's previously stated investment objectives, we may request additional information from the client. Fort Pitt would not be 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.

### **Platform Agreements**

In addition, Fort Pitt may enter into separate agreements with unaffiliated broker-dealers and/or investment advisers ("Platform Sponsors") enabling them to offer any of Fort Pitt's composite portfolios to their clients ("Platform Clients"). All decisions regarding the suitability of a particular composite portfolio are determined by the Platform Sponsor and/or the Platform Client prior to Fort Pitt's management of the assets.

Pursuant to the terms of Fort Pitt's agreement with the Platform Sponsor, Fort Pitt continuously reviews, supervises and administers the portfolio as well as provides ongoing recommendations for transactions/re-allocations of portfolio assets. Fort Pitt has discretionary authority over those assets and will execute all recommended transactions; however, no personalized investment advice is provided by Fort Pitt to any Platform Client. In the event that a Platform Client chooses to invest in one of Fort Pitt's composite portfolios, Fort Pitt will receive a fee directly from the Platform Sponsor. The terms of any such fee arrangement are governed by the contract between the Platform Sponsor and Fort Pitt and differ from the fee schedules shown below.

### **Retirement Investors:**

Fort Pitt acts as a fiduciary of Retirement Plan (i.e., 401K, 403b, 457) assets under Section 3(21) of ERISA by providing Plan Level Non-Discretionary Investment Advisory Services regarding the asset classes and investment alternatives available within a particular 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 may also act as a fiduciary of Retirement Plan assets under Section 3(38) of ERISA. In this case Fort Pitt, through their agreement with the Plan Sponsors, would provide the Fort Pitt

Capital Model Portfolios as options within the Plan and have full discretionary authority over the investment management of the assets within those model portfolios selected by the Plan and/or the underlying plan participants. As part of these services, Fort Pitt manages the portfolio assets and allocation of the underlying investments within each portfolio.

Finally, Fort Pitt may provide investment advice with respect to assets not managed by Fort Pitt. In this case, 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**

Fort Pitt may recommend to clients that they rollover their Retirement Assets into an IRA or Roth IRA account that is managed by Fort Pitt according to their individual investment objectives and risk tolerance via one of its composites or customized recommendations. Investors considering rolling over assets from a qualified employer-sponsored Retirement Plan to an IRA should review and consider the advantages and disadvantages of an IRA rollover from their Retirement Plan. 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.

When contemplating a rollover, 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 transact in employer stock. Fort Pitt encourages each client 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.

By recommending that a client rolls over their Retirement Plan assets to an IRA, even if there are no costs associated with the IRA rollover itself, Fort Pitt will be entitled to earn an asset-based fees for the management of the IRA account. Opening a new IRA as a brokerage account may also result in additional charges such as commission charges and fees charged by the underlying investments (mutual fund, ETF, annuity, or other investment). Custodial and trading fees may also apply. In contrast, leaving assets in the Retirement Plan or rolling the assets to a plan sponsored by a new employer likely results 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. Investing in an IRA with Fort Pitt will typically be more expensive than a Retirement Plan.

Additional resources about IRA Rollovers are available to investors through FINRA's web site at [www.finra.org](http://www.finra.org).

**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 including such things as educating the Plan Sponsor regarding its fiduciary responsibilities and assisting the Plan Sponsors in selecting and supervising 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 this 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 only if that investment is consistent with the investment objectives and risk tolerance of that client. Clients may also purchase shares of the Fund without retaining Fort Pitt as their investment adviser. Prior to making any investment in the Fund, clients and prospective clients should review the prospectus for a comprehensive understanding of the terms and conditions applicable for investment in the Fund.

**Item 5 – Fees and Compensation**

Fort Pitt's fee schedule for investment management services is as follows:

<b>Asset Under Management</b>	<b>Quarterly</b>	<b>Annually</b>
\$100,000 -- \$1,000,000	.2500%	1.00%
\$1,000,001 -- \$1,500,000	.2250%	0.90%
\$1,500,001 -- \$2,000,000	.2125%	0.85%
\$2,000,001 -- \$2,500,000	.2000%	0.80%
\$2,500,001 -- \$3,000,000	.1875%	0.75%
\$3,000,001 -- \$3,500,000	.1750%	0.70%
\$3,500,001 -- \$4,000,000	.1625%	0.65%
\$4,000,001 -- \$4,500,000	.1500%	0.60%
\$4,500,001 -- \$5,000,000	.1375%	0.55%
\$5,000,001 -- \$10,000,000	.1250%	0.50%
Over \$10,000,000	Negotiable	

For accounts invested entirely in fixed income securities, the fee schedule for investment management services is as follows:

<b>Assets Under Management</b>	<b>Quarterly</b>	<b>Annually</b>
\$500,000 -- \$2,000,000	.1250%	0.50%
\$2,000,001 -- \$5,000,000	.1000%	0.40%
\$5,000,001 -- \$10,000,000	.0750%	0.30%
Over \$10,000,000	.0500%	0.20%

Fees will be paid in advance, will be calculated on the last day of each calendar quarter and will be based on the market value of the portfolio, including any margin balance, on the last trading day of the preceding calendar quarter. For accounts opened after the commencement of the quarter, the fee will be prorated from the date the account is funded for investment. Fort Pitt may in its discretion waive the initial fee for an account opened after the commencement of the quarter. All fees shall be automatically deducted from clients' accounts on a quarterly basis, unless otherwise agreed upon by the client and Fort Pitt. From time to time, in unusual circumstances, client fees may be subject to negotiation.

Clients are responsible for any charges, commissions or fees imposed by mutual funds, ETFs, retirement plans, broker-dealers or Platform Sponsors as a result of an investment in any of Fort Pitt's composite portfolios. These fees are charged separately and are in addition to the fees charged by Fort Pitt. We do not receive any portion of the fees paid by a client to any other party.

As the investment adviser to the Fort Pitt Capital Total Return Fund (a series of Advisor Series Trust) Fort Pitt may include the Fund as part of its recommendations to the firm's clients (including through its Retirement Plan services defined above). This creates a conflict of interest due to the fact that Fort Pitt will receive an economic benefit for any investment in the Fund.

The Fund is a no-load fund and commissions 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 fees 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 their assets invested in the Fund.

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, we reserve 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 selection process, and supplements its own research with the data and analysis of major U.S. investment and brokerage firms. Fort Pitt attempts to identify products 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. 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 through the below listed portfolio composites.

### **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:**

Stock and bond portfolios will be 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.

While Fort Pitt's Equity and Fixed Income Securities investment strategies are primarily comprised of large-cap securities and individual fixed income securities (respectively), Fort Pitt may also recommend investments in other categories of equity securities (i.e., mid-cap, small-cap) and fixed income securities (i.e., bond funds) in an effort to provide more diversification.

Cash will be invested in accordance with client objectives regarding cash levels and as opportunities arise to buy stocks and bonds at prices we deem attractive. Individual securities accounts are 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 portfolios. 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.

Fort Pitt also utilizes Exchange Traded Funds ("ETFs") to allocate assets among a diversified mix of securities that include domestic equities, international equities and bonds. Specific analysis of investable ETFs may include 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 will be 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 balance between risk and return;
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 group together 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 product 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 the Advisor 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 the Advisor 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 the Advisor 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 1/2 in fixed income mutual funds and 1/2 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. **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.

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.

**Risks:**

All investments in securities include a risk of loss of your 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.

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. Stocks of small- and mid-cap companies may be more volatile than stocks of larger companies. Fort Pitt attempts to diversify clients' portfolios in an effort 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.

Although not a principal risk, Fort Pitt's managed portfolios may also be subject to credit and interest rate risks. Recently, interest rates have been historically low. Current conditions may result in a rise in interest rates, which in turn may result in a decline in the value of the bond investments held in client portfolios. As a result, at the present, interest rate risk may be heightened.

## **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 also 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 non-advisory activities.

### **Focus Operating, LLC and Focus Financial Partners, LLC**

As noted above in response to Item 4, in July 2017, investment vehicles affiliated with Stone Point and KKR each made an investment in Focus. This transaction resulted in certain funds managed by Stone Point collectively becoming a principal owner of Focus and the KKR investment vehicles collectively becoming a minority owner of Focus. Because Fort Pitt is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are

indirect owners of Fort Pitt. **None of KKR, Stone Point, or any of their affiliates participates in the management and 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 supervision of potential conflicts of interest and controls for providing disclosures to clients. Fort Pitt's Code of Ethics and Insider Trading policies and procedures together 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 of which the firm's employees may have material nonpublic information;
- Requiring Fort Pitt employees to report to and obtain pre-approval for all reportable personal transactions from the Chief Compliance Officer; and
- Monitoring the securities trading of Fort Pitt and its employees.

Fort Pitt and its employees may purchase securities (including shares of the Fort Pitt Capital Total Return Fund) for their personal accounts that they also recommend to firm clients, however, 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 requires all employees to sign an acknowledgement of receipt of the Code of Ethics at the time of hire, as amended and annually thereafter. Clients may request a complete copy of Fort Pitt's Code of Ethics by contacting the firm 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 makes a good-faith determination that the

commissions paid are reasonable in relation to the value of the brokerage and other services provided.

Fort Pitt does not maintain custody of clients' assets. Clients' 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. Fort Pitt may also be designated as an authorized provider on other custodial platforms in order to provide services to certain clients who come to Fort Pitt with existing brokerage/custodial relationships. While Fort Pitt may recommend 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 receive 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**

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 clients' 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. For Fort Pitt's client accounts maintained in its custody, Charles Schwab 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 or that settle into Charles Schwab accounts. 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 clients' 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 may 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 for the types of services rendered 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 take into account 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 which 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 may 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. 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; (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 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 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 client accounts on an ongoing basis. Individual client reviews may also be conducted by Financial Consultants on an "as needed" or "as requested" basis as dictated by the client.

Prior to each review, the client's overall portfolio structure and asset allocation is examined 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 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 as well as changes in interest rates, inflation rates, GDP growth and international currency movements.

The Investment Policy Committee is made up of Fort Pitt's Financial Consultants and Research staff. The Committee provides general oversight of the Financial Consultants and Portfolio Managers and makes investment determinations and decisions for client accounts, as well as review client account performance and suitability.

## Reports

Investment Management clients of Fort Pitt receive quarterly reports on their accounts. Each client's quarterly report includes the following:

1. Portfolio Appraisal detailing quarter end positions, prices, shares, market values, percentages of portfolio.
2. Performance Summary showing portfolio percentages, returns for the quarter and fee summaries.
3. Performance History showing portfolio percentages and returns since inception.

Clients will also receive transaction statements at least quarterly from their custodian.

## Item 14 – Client Referrals and Other Compensation

Fort Pitt has solicitor relationships with the firms and individuals as 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 Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. Fort Pitt is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control Fort Pitt, and SAI has no responsibility or oversight for Fort Pitt's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for Fort Pitt, and Fort Pitt pays referral fees to SAI for each referral received based on Fort Pitt's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from SAI to Fort Pitt does not constitute a recommendation or endorsement by SAI of Fort Pitt's particular investment management services or strategies. More specifically, Fort Pitt pays the following amounts to SAI for referrals: for referrals made prior to April 1, 2017, an annual percentage of 0.20% of any and all assets in client accounts; for referrals made after April 1, 2017, 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 SAI and (ii) an annual percentage of 0.25% of all other assets held in client accounts. For referrals made prior to April 1, 2017, these fees are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven year limitation. In addition, Fort Pitt has agreed to pay SAI 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 SAI 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 SAI, 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 SAI, 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 SAI 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 SAI 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 SAI a one-time fee equal to 0.75% of the assets in a client account that is transferred from SAI's affiliates to another custodian; therefore, Fort Pitt may have an incentive to suggest that referred clients and their household members maintain custody in their accounts with affiliates of SAI. 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 their 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 will have incentives 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 may receive 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. 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, in order to obtain client referrals from TD Ameritrade, Fort Pitt has an incentive to recommend to clients that the assets under management by Fort Pitt be 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 managing client portfolios. Pursuant to the Solicitors Agreements, Fort Pitt has agreed to pay these individuals 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.

All Solicitors Fees (as described above) are paid by Fort Pitt and not by the client. Fort Pitt has agreed not to charge clients referred through any of these arrangements fees or costs greater than the fees or costs charged to clients with similar portfolios who were not referred by any of these entities or individuals.

### **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 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: Fidelity Brokerage Services, J.P. Morgan Asset Management, Charles G. Schwab & Co., and Lord Abbett & Co.

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 our 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.

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. We urge you to compare the account statements received from the qualified custodian and the account statements provided by Fort Pitt.

### **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 may also provide non-discretionary investment advisory services.

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 but each client must select 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.

The terms and conditions of any services provided by Fort Pitt are dictated by the Agreement signed by the client and Fort Pitt.

### **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 such clients. Our guiding principle is to do what we believe 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 any 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 we would act. 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, past 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 may consult with the Chief Investment Officer to determine an appropriate course of action. If they are 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 which are owned in a managed account. Fort Pitt cannot bear the responsibility for the manner in which these shares are voted, although the firm will endeavor to advise clients as to the firm's position regarding the issues subject to shareholder approval. 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; therefore the firm is not required to provide an audited financial statement.