

# **Disclosure Brochure**

**May 29, 2020**

## **PWA Wealth Management**

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This brochure provides information about the qualifications and business practices of PWA Wealth Management. If you have any questions about the contents of this brochure, please contact us at 412-931-2700 or [contact@pwausea.com](mailto:contact@pwausea.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about PWA Wealth Management can be found on our Form ADV, Part 1 which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. Our firm's CRD number is 126927.

We are pleased to provide a copy of our current Form ADV Part 2A. Our disclosure brochure describes our firm's advisory services, investment professionals, fees, and conflicts, among other things. We will inform you of revisions based on the nature of the information as follows:

1. **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes.
2. **Material Changes:** Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients. "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

## **Item 2 - Material Changes**

Please note the following material changes since our last annual update was filed on March 29, 2019:

- In July 2019, the firm named Anthony N. Scarpo as Chief Compliance Officer.

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## **Item 4 - Advisory Business**

PWA Wealth Management is the trade name of Private Wealth Advisors, Inc., a Pennsylvania corporation ("PWA Wealth Management" or the "Firm"), which is solely owned by Joseph A. Scarpo, Jr., CEO. PWA Wealth Management has been registered as an investment adviser with the Securities and Exchange Commission since September 2003. The Firm's principal place of business located in Greensburg, PA.

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

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data gathering process, we determine the client's individual objectives, time horizons, risk tolerance and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated goals, objectives, risk tolerance, as well as tax considerations. Clients are permitted to impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Clients that select a financial planning or non-discretionary management service are not obligated to engage PWA Wealth Management when implementing advisory recommendations. In cases where the Client has selected non-discretionary management, the implementation of any or all recommendations is solely at the discretion of the Client.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

Exchange-listed securities	Securities traded over-the-counter
Foreign issuers	Corporate debt securities (other than commercial paper)
Certificates of deposit	Municipal securities
Variable life insurance	Variable annuities
Mutual fund shares	United States governmental securities
Options contracts on securities	Interests in partnerships investing in oil and gas interests
Interests in partnerships investing in real estate	

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

**Rollovers to an IRA:** The Firm may provide, as part of its investment advisory services, recommendations for client to withdraw the assets from an employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that the Firm will manage on your behalf. If a client elects to roll the assets to an IRA that is subject to the Firm's management, the Firm will charge an asset-based fee as set forth in the agreement between the client and the Firm. This practice presents a conflict of interest because persons providing investment advice on the Firm's behalf have an incentive to recommend a rollover to a client for the purpose of generating fee-based compensation rather than solely based on the client's needs. Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if the client decides to complete the rollover, that client is under no obligation to have the assets in an IRA managed by the Firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of each option:

An employee will typically have four options:

1. Leaving the funds in the employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change the Firm encourages clients to speak with their CPA and/or tax attorney.

Clients who are considering rolling over retirement funds to an IRA for the Firm to manage, here are a few points to consider beforehand:

1. Determine whether the investment options in the employer's retirement plan address your needs or whether you might want to consider other types of investments.

- a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than the Firm's fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. The Firm's strategy may have higher or lower risk than the option(s) provided to you in your plan.
4. Whether your current plan also offers financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

PWA Wealth Management manages investments for clients in advisory accounts and charges a fee to manage accounts. Therefore, in addition to the fees charged by PWA Wealth Management, the underlying investments (mutual fund, ETF, annuity, or other investment) typically also charge management fees. Custodial fees may also apply. Investing in an advised IRA with PWA Wealth Management may be more expensive than the current Employer Retirement Plan.

Clients and prospective clients are urged to seek advice from their CPA, tax adviser, the plan administrator and/or legal counsel prior to rolling over assets from the current Employer Retirement Plan to an advised IRA with PWA Wealth Management.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability and long-term care.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax and powers of attorney.

We gather required information through in-depth personal interviews. This information includes the client's current financial status, tax status, future goals, returns, objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics such as tax and budgetary planning, estate planning and business planning.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

## **PENSION CONSULTING SERVICES**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

*Investment Policy Statement Preparation (hereinafter referred to as "IPS"):* We will meet with the client to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

*Selection of Investment Vehicles:* We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

*Monitoring of Investment Performance:* We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. We supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

*Employee Communications:* For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we also provide educational support and investment workshops designed for the plan participants when the plan sponsor engages our firm to provide these services. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## **RYE PROGRAM**

RYE represents PWA's dedicated outreach to young professionals to assist them in acquiring healthy financial habits. Using myQuest (EMoney) as a foundational tool, young professionals are equipped to create and monitor a budget, examine and track retirement investments, and electronically store personal documents. Offered on a complimentary basis, RYE participants have ad hoc access to a PWA financial advisor who provides guidance that, hopefully, leads to longer term financial independence. Guidance includes recommendations for limiting debt, sources for investment education, and access to professional mentors. Additionally, RYE participants have access to all PWA published materials, including videos and newsletters.

## **AMOUNT OF MANAGED ASSETS**

As of 12/31/2019, PWA Wealth Management manages \$574,457,612 of clients' assets on a discretionary basis and \$591,704 on a non-discretionary basis

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

### **INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from .20% to 1.25%. Though all fees are due quarterly, in advance, PWA Wealth Management retains the right to collect advisory fees in arrears in certain situations such as accounts opened after the start of the quarter or significant cash flows into an account during the previous quarter. Most client fees are deducted directly from their accounts. Some clients are invoiced directly. A service agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided, so upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

The standard annualized fee for Investment Supervisory Services is charged as a percentage of assets under management, according to the following schedule: 1.25% on the first \$500,000; 1.00% on the next \$500,000; .75% on the next \$500,000; and .65% on the amount greater than \$1,500,000.

Although PWA Wealth Management has established the aforementioned fee schedule, we retain the discretion to agree upon alternative fee

schedule on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We group certain related client accounts together for the purposes of determining the annualized fee.

Discounts, not generally available to our advisory clients, are offered to family members and friends of associated persons of our firm.

### FINANCIAL PLANNING FEES

PWA Wealth Management's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are negotiable and agreed upon prior to entering into a contract with any client. For the majority of clients, Financial Planning Services are included with Investment Supervisory Services and therefore not charged separately.

Our Financial Planning fees are calculated and charged on a fixed fee basis (typically ranging from \$500 to \$5,000) depending on the specific arrangement reached with the client.

### PENSION CONSULTING FEES

PWA Wealth Management's Pension Consulting fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are negotiable and agreed upon prior to entering into a contract with any client. We charge an annual fee which ranges from .15% to 1.25% of plan assets depending on the services provided. At the discretion of the client, fees are collected in arrears or in advance and can be invoiced directly to the client or deducted directly from plan assets.

### OTHER FEES

**Commissions:** Management and other personnel of our firm are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client. Clients have the option to purchase investments and insurance products through other advisers.

**Other Advisor Fees:** All fees paid to PWA Wealth Management for investment advisory services are separate and distinct from the fees and expenses charged by other advisors (including mutual funds and/or ETFs). These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, sales charges (initial or deferred), other fund expenses and a possible distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Custodian fees:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer. Please refer to the "Brokerage Practices" section of this Form ADV for additional information.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

PWA Wealth Management does not charge performance-based fees.

### Item 7 - Types of Clients

PWA Wealth Management provides advisory services to the following types of clients:

- High net worth and other individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations

- Corporations or other businesses not listed above

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical and Cyclical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. In cyclical analysis, a type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Technical and cyclical analyses do not consider the underlying financial condition of a company or market. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income, and cash suitable to the client's investment goals and risk tolerance. Additionally, we incorporate an analysis of current market data and valuations of various market sectors and asset categories to identify investment opportunities as well as pitfalls.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, time horizons, among other considerations.

**Long-term purchases:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the short-term projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our projections are incorrect, a security may decline sharply in value before we make the decision to sell.



**Short-term purchases:** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Equities:** The prices of equity investments fluctuate on a daily basis and at any given time. An investor has no assurance that they will be able to recoup their investment. Equity securities are subject to market risk, that is, as perceptions of a company's business prospects change, the actions of both buyers and sellers are affected. A dividend-paying stock may decrease or even cease to pay a dividend based on overall profitability. In the event of bankruptcy, common stockholders have a residual claim on company assets upon dissolution and therefore are the final class of investor to receive payment on their initial investment.

**Fixed Income and/or Bonds:** Fixed income and/or bond investments are subject to both interest rate risk and credit risk. When interest rates rise, bond prices fall and vice versa. All bonds carry credit or default risk although U.S. Treasury securities are generally considered free of default risk. Foreign sovereign bonds are subject to additional risks including but not limited to political and regulatory risk, economic, and currency risk and therefore may experience greater levels of volatility than their domestic counterparts. High yield bonds are speculative in nature and therefore carry a high level of default risk; they also tend to be more illiquid than bonds that carry higher credit ratings. High yield bonds are also more sensitive to changes in interest rates and are more vulnerable during periods of economic uncertainty.

**Options:** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An investor who sells (or writes) an option contract is obligated to buy or sell an asset at a specific price on or before a certain date. Clients who use this strategy are required to complete Options Trading Agreements prior to execution. The additional risks associated with options investing (including loss of investment) are reviewed in detail with clients at that time.

**Risk of Leveraged Funds:** PWA Wealth Management does not recommend mutual funds or exchange traded funds for its clients that use leverage or borrowed dollars. PWA will only use these types of funds under client direction. The use of leverage creates the risk of magnified capital losses. Leverage can increase (or decrease) a fund's return when the fund earns a greater (or lesser) return on leveraged investments than the cost of the leverage. The effect of leverage on a fund's return may be magnified by market movements or changes in the cost of leveraging. Changes in interest rates and related economic factors could cause the relationship between the cost of leveraging and the yield on leveraged investments to change in a manner that is unfavorable for a fund. In an extreme case, a fund's current investment income may not be sufficient to meet the interest expense of leveraging, and it may be necessary for the fund to liquidate certain of its investments at an inopportune time. Leverage may exaggerate the effect of a change in the value of a fund's portfolio securities, causing the fund to be more volatile than if leverage was not used.

**Risk of Loss:** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

**Employer Plan Rollover Conflicts of Interest:** Investors considering rolling over assets from a qualified employer-sponsored retirement plan to an Individual Retirement Account (IRA) should review and consider all advantages and disadvantages of an IRA rollover from their Employer Plan. When leaving an employer, a plan participant typically has four options (though some plans do not permit all four): (1) Leave the money in the former employer plan; (2) Rollover the assets to a new employer's plan; (3) Rollover the assets to an IRA; or, (4) Cash out the assets and pay the required taxes on the distribution. Investors should consider all factors including, but not limited to, fees and expenses, investment options, services, penalty-free withdrawals, protection from creditors and legal judgments, required minimum distributions, and employer stock. By recommending you rollover your Employer Plan assets to an IRA with our firm, PWA Wealth Management will earn advisory fees as a result. In turn, the client receives services provided by our firm which are designed among other things, to assist the client in determining which securities are most appropriate to each client's financial condition and objectives. In contrast, the other options will likely result in little or no compensation to PWA Wealth Management. Thus, the firm has an incentive to encourage investors to rollover Employer Plan assets into an IRA under PWA Wealth Management.

## **Item 9 - Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Clients should be aware that the receipt of additional compensation by PWA Wealth Management, its management persons, employees and related parties creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. PWA Wealth Management endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn

compensation from advisory clients in addition to our firm's advisory fees;

- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of client accounts and activities to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity to ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

**Other pooled investment vehicle(s):** The owner of PWA Wealth Management is a managing member of limited liability companies (LLCs) and general partner to limited partnerships (LPs) formed for investment purposes. As appropriate, our advisory clients may be solicited to invest in such LPs. Related persons of our firm do not receive investment advisory compensation in relation to these investments, but do have a conflict of interest in soliciting client investments. Investors in these partnerships may pay management or other fees to the general partner. These fees are determined prior to investment and disclosed in the partnership documents.

Because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended to accredited investors when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Related persons of our firm may spend up to 10% of their time on these related activities.

A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1. Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

**Insurance Agents:** Management and other personnel of our firm are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations, or to purchase any insurance products. The implementation of any or all recommendations is solely at the discretion of the client.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

PWA Wealth Management and our personnel owe a duty of loyalty, fairness and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

PWA Wealth Management's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [ascargo@pwausa.com](mailto:ascargo@pwausa.com), or by calling us at 412-931-2700.

The owner of PWA Wealth Management is a managing member of limited liability companies (LLCs) and general partner to limited partnerships (LPs) formed for investment purposes. As appropriate, our advisory clients may be solicited to invest in such LPs. Related persons of our firm do not receive investment advisory compensation in relation to these investments, but do have a conflict of interest in soliciting client investments. Investors in these partnerships may pay management or other fees to the general partner. These fees are determined prior to investment and disclosed in the partnership documents.

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Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

We aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the rare instances where there is a partial fill of a particular batched order, PWA will review any accounts that did not get the order filled and work with the custodian / broker to fill these positions so no client benefits over another client.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account when such transaction would produce a benefit to the employee by its relationship to the advisory client transaction.
- Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- Clients can decline to implement any advice rendered.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery of the Code of Ethics to each supervised person of our firm and acknowledgement of its receipt.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 - Brokerage Practices**

**Broker-Dealers and Custodians:** PWA Wealth Management does not have any affiliation with any broker/dealer. Specific custodian recommendations are made to clients based on their need for such services. PWA recommends firms such as Fidelity and Schwab. Most client accounts use Fidelity to maintain custody of their assets and effect trades for their accounts. PWA only has custodial relationships with Fidelity, Schwab and American Funds for clients that give us discretion to manage their accounts.

Custodians provide PWA Wealth Management with access to their institutional trading and custody services, which are typically not available to retail investors. These services are generally available to investment advisers at no charge to them so long as a minimum amount of business (assets in custody or transaction fees) is transacted with the Custodian. Custodian brokerage services include the execution of securities transactions, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Custodians are generally compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through a Custodian or settle into Custodian accounts.

Custodians also make available to our firm other products and services that benefit PWA Wealth Management but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at the Custodian providing the service.

Custodian products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Custodians also offer other services intended to help us manage and further develop our business enterprise. These services include:

- 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.

Custodians can make available, arrange and/or pay third-party vendors for the types of services rendered to PWA Wealth Management. Custodians sometimes discount or waive fees they 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 our firm. Custodians also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that clients custody their assets at a particular custodian, we 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 we consider and not solely on the nature, cost or quality of custody and brokerage services provided by a Custodian, which may create a potential conflict of interest.

**Soft Dollar Arrangements:** PWA Wealth Management does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

**Brokerage for Client Referrals:** PWA Wealth Management does not recommend broker-dealers to clients based on our interest in receiving client referrals.

**Directed Brokerage:** PWA Wealth Management does not require or permit clients to direct brokerage.

**Aggregating Transactions (Block or Average-Price Trades):** PWA Wealth Management will aggregate trades where possible and when advantageous to clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. Aggregating trades allows us to execute trades in a timelier, more equitable manner. No client or account will be favored over another.

The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable PWA Wealth Management to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

PWA will review any accounts that did not get the order filled and work with the custodian / broker to fill these positions so no client benefits over another client.

Prior to entry of an aggregated order, PWA will determine which clients are going to be participating in the order by using trading tools either at the custodian and/or our portfolio management software. Both of these tools allow PWA to properly track which clients will be participating and check the proposed allocation for each of the clients.

**Mutual Funds Share Class Selection:** Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes. When recommending investments in mutual funds, it is PWA's policy to review and consider available share classes. The Firm's policy is to select the most appropriate share classes based on various factors including but not limited to: minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors the Firm can select a share class other than the 'lowest cost' share class. In order to select the most appropriate share class, the Firm considers retail, institutional or other share classes of the same mutual fund. Regardless of such

considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio. Clients should ask their adviser whether a lower cost share class is available instead of those selected by the Firm. PWA periodically reviews the mutual funds held in client accounts to select the most appropriate share classes in light of its duty to obtain best execution.

### **Item 13 - Review of Accounts**

**Reviews:** For the underlying securities within Individual Portfolio Management Services accounts we provide continuous and regular supervisory or management services. The accounts and underlying securities in them are monitored by a Consultant. Portfolio reviews may be initiated quarterly, semi-annually or annually based on the needs of the client and as agreed upon by the client and Consultant. The Consultant oversees the review, analysis and preparation of the report and then presents the portfolio review to the client. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews are triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. PWA Wealth Management requires Consultants that review accounts to possess the highest ethical standards and technical abilities necessary to meet the needs of our clients.

**Reports:** Clients receive written monthly statements (or quarterly if there is no monthly activity) and confirmations of transactions directly from the custodian detailing account holdings and all activity within the account, including all contributions, withdrawals and purchase/sell transactions.

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

PWA has arrangements in place with certain non-affiliated 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 PWA for investment management services. PWA addresses these conflicts through this disclosure.

PWA has entered into a solicitation agreement pursuant to which it compensates a third-party intermediary for client referrals that result in the provision of investment advisory services by PWA. PWA will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to PWA will receive compensation from PWA pursuant to an agreement based on a flat fee per referral. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by PWA and not by any affected client. PWA at least annually confirms that these solicitors are complying with the terms of the written agreement and with Rule 206(4)-3 of the Advisers Act.

PWA also occasionally receives client referrals from current clients, colleagues, personal friends of colleagues and other similar sources. PWA does not directly or indirectly compensate these referring parties for referrals.

It is PWA Wealth Management's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

### **Item 15 - Custody**

We previously disclosed in the "Fees and Compensation" section of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm is considered to have Custody of client funds where a member of the firm serves as trustee, or co-trustee, for clients' trust accounts. Employees are required to receive pre-approval from the CCO before acting as trustee for any advisory client. Firm policies and procedures are designed to create a monitored environment for this type of access. In compliance with Rule 206(4)-2, any account in which PWA Wealth Management may be deemed to have Custody over client funds will be subject to an annual surprise examination by an independent CPA, registered with the Public Company Account Oversight Board (PCAOB) and subject to inspection.

PWA is also deemed to have custody when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize PWA Wealth Management to designate the amount or timing of transfers with the custodian. PWA Wealth Management has implemented procedures to meet the specific conditions as stated in the SEC's SLOA no action letter which are intended to protect client assets in such situations, which PWA Wealth Management follows. Additionally, as a result of following these conditions, PWA Wealth Management is not required to obtain a surprise examination. Clients should carefully review the account statements received from their qualified custodian.

## **Item 16 - Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 - Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian or transfer agents. We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 - Financial Information**

We are not required to include a financial statement with this brochure as there are no circumstances where we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered.

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. PWA Wealth Management has no such financial circumstances to report.

PWA Wealth Management has not been the subject of a bankruptcy petition.