

The purpose of this disclosure is to make you aware of Allegheny Investments' ("Allegheny" or "AI") brokerage practices, compensation programs, and related conflicts of interest. There is no such thing as a conflict-free relationship involving payment for transactions or advice. However, AI and the financial services industry are committed to identifying, reducing, disclosing, monitoring, and eliminating conflicts of interest to the extent possible. This disclosure should be read along with AI's Customer Relationship Summary at https://back.alleghenyfinancial.com/wp-content/uploads/2020/06/CRS_Customer_Relationship_Summary.pdf available on our website. The Customer Relationship Summary is a valuable tool designed to assist you in selecting the type of investment account that is right for you. You can find additional information about our firm and our brokerage professionals on FINRA's website, available at <http://brokercheck.finra.org>. Free and simple tools, for you to research firms and financial professionals, are available to you at Investor.gov/CRS, where you may also find educational materials about broker-dealers, investment advisers, and investing.

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Who We Are & What We Do

Allegheny Investments is registered with the U.S. Securities and Exchange Commission (“SEC”) and [all 50 states] as a broker-dealer, and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). We are also registered with the SEC as an investment adviser. In addition to brokerage and investment advisory products, Allegheny Investments is qualified to sell insurance products in all 50 states. The securities products offered by the broker-dealer include stocks and bonds, exchange traded funds (ETFs), college savings plans, mutual funds, annuities, and alternative investments.

AI does not have discretionary authority over your brokerage accounts. This means your broker will recommend securities for your consideration and accept orders that you direct us to place in your brokerage account(s). We do not have the authority to place trades in your brokerage account(s) without your consent. *You make the ultimate decision regarding the purchase or sale of investments.*

We act as your agent (broker) when placing transactions in your brokerage account. We do not act as a principal (dealer) with regard to your transactions. This means that we do not purchase securities from you to hold in our own inventory account, nor do we sell securities to you from our own inventory account. We may however utilize our inventory account to execute riskless principal transactions in fixed income securities on your behalf. Riskless principal transactions are described in more detail below.

We also offer services through our affiliated firm Allegheny Financial Group, LTD, (“AFG”), which is registered with the SEC as an investment adviser. For additional information about AFG, see [ADV Part 2A](#).

Our Team of Financial Professionals

AI’s Financial Professionals are independent contractors of Allegheny Investments or employees of our affiliated firm AFG. Our Financial Professionals may provide you with brokerage services, investment advisory services, or both, depending on what licenses they hold. Those Financial Professionals licensed to conduct brokerage services are known as “Brokers,” and those licensed to conduct investment advisory services are known as “Advisers.” Some Brokers are limited in the types of investment products they can offer you because they hold a limited brokerage license. For example, a few of our Brokers only possess a Series 6 license, which limits them to offering mutual funds and variable annuities only. Whereas the Brokers that possess a Series 7 license can offer all brokerage products available through AI. Broker’s that possess a limited license may not be in a position to offer you investment products that may be better suited to meeting your investment objectives. In addition, mutual funds and variable annuity products trigger other conflicts, as described below. The remaining disclosures focus on the activities of our firm and our Financial Professionals when they act in the capacity as your Broker. If you would like information about our firm and Financial Professionals when they act in the capacity as an Adviser, please refer to our [AI’s Form ADV Parts 2A and 2B](#) or [AFG’s Form ADV Parts 2A and 2B](#), available on our website.

☛ ***You should ask your Financial Professional what capacity they will be acting and if they will be limited in their recommendations based on the license(s) they hold.***

❶ You can review our firm and your Broker's background using FINRA's BrokerCheck, available at <http://brokercheck.finra.org>.

Brokerage Products

Like all financial services providers, AI and its financial professionals have conflicts of interest. AI and its financial professionals are compensated directly by customers and indirectly from the investments made by customers. When customers pay us, we typically get paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. If we are paid an upfront commission, this means the more transactions you make, the more we are paid. When we are paid indirectly from the investments made by customers, we receive ongoing compensation, typically called a "trail" payment, for as long as a customer holds an investment. The compensation described herein represents the total profit we receive on an investment prior to paying our expenses.

Not all of the conflicts described in this disclosure apply to a particular financial professional, his/her services or all the products we sell. The types and amounts of compensation we receive change over time. You should ask your Broker if you have any questions about compensation, costs, fees, or conflicts of interest.

Mutual Funds (Including 529 Plans)

AI has entered into selling arrangements with various mutual fund companies in order to offer you a variety of funds designed to meet your investment objectives and fit within your budget. We will not sell mutual funds unless we have entered into a selling agreement with the mutual fund company. When you purchase or sell shares of a mutual fund, you will pay AI a fee, referred to as a sales load or sales charge. We share these sales loads with your Broker. Depending on the share class selected, the sales load may be charged at the time of purchase (front-end load) or at the time sale (back-end load). Front-end sales loads will reduce the amount available for you to invest. Back-end sales loads will decrease the proceeds you receive from the sale. The amount of the sales load is based on the share class selected and the amount of the investment. The maximum sales charge permitted is 8.5%, but you will typically pay a maximum of 5%. Sales charge percentages vary among the mutual fund companies.

AI offers various share classes of mutual funds and 529s. Class A shares charge an upfront sales charge and an ongoing trail. Class C shares pay no upfront sale charge, however, there is an ongoing trail payment and a contingent deferred sales charge if the investor redeems within a certain time period after making the purchase. Based on the anticipated holding period for the mutual fund or 529, and other factors, one share class may be more or less expensive to the investor than another resulting in more or less compensation to AI and your Broker. Because of their characteristics and sales load structure, mutual funds generally are longer term investments. Frequent purchases and sales of mutual funds can result in significant sales charges unless the transactions are limited to exchanges among mutual funds offered by a sponsor that permits exchanges without additional sales charges. AI maintains policies and procedures that are designed to detect and prevent excessive mutual fund trading, but you should monitor your account and discuss with your Broker any mutual fund purchases and sales.

In addition to the sales charges described above, AI will receive ongoing, third-party payments from a majority of mutual fund sponsors in connection with investments that our customers make in their funds. These third-party payments are referred to as “12b-1 fees” and will continue for the life of your investment. 12b-1 fees are paid from the assets of the mutual fund and are based on the share class selected and the amount of your investment. These fees vary among mutual fund companies but typically range between, .25% and 1% of assets annually. AI shares a portion of the 12b-1 fees with your Broker.

This compensation structure creates an incentive for us to sell mutual funds that pay 12b-1 fees and those funds with higher sales charges; even though there may be other funds with similar attributes and investor benefits that do not pay 12b-1 fees or pay lower sales charges. It also creates an incentive for us to recommend that you increase your investment amount and trade more often because the more you invest and the more often you trade, the more we receive in sales charges and 12b-1 fees.

AI also receives compensation in connection with the sale and distribution of mutual funds that is referred to as non-cash compensation. Non-cash compensation includes, but is not limited to: merchandise, gifts and prizes that do not exceed \$100 per person, per year; an occasional meal, ticket to a sporting event or the theater or comparable entertainment; and travel expenses, meals, and lodging in connection with training and educational events that we attend or sponsor. Securities rules prohibit AI from accepting non-cash compensation that is preconditioned on the achievement of a sales target.

☛ You should ask your Broker about breakpoints available to you or if your investment in mutual funds may be better served through an investment advisory account. You should also ask your Broker any questions you have about compensation, costs, and the resulting conflicts of interest.

i You can access mutual fund cost calculators and comparison tools through https://tools.finra.org/fund_analyzer/

Equities and Other Exchange Traded Securities

AI charges you a commission every time you purchase or sell an exchange traded security. Exchange traded securities include equities, options, exchanged traded funds (“ETF”), exchange traded notes (“ETN”), and closed-end funds (“CEF”). Commission charges are stated in [AI’s Brokerage Fee Schedule](#). While FINRA recommends that brokers charge no more than 5% on these types of transactions, Allegheny typically charges \$45 which covers the costs of the transaction. This compensation structure creates an incentive to trade excessively in your account solely for the purpose of generating more commissions.

AI offers various mutual funds and ETFs which have similar or identical investment strategies but differing fee structures. For example, a mutual fund that is designed to track an index of securities, such as the S&P 500 Index, may have higher or different types of fees than an ETF that is designed to track the same index. Whether a fund with a similar or identical investment strategy to an ETF is more or less expensive may depend on factors such as length of holding and size of the initial investment. AI and your Broker may earn more compensation for one fund or ETF than another, giving AI and the Broker an incentive to recommend the product that pays more compensation to us.

- ☛ ***You should review your transaction confirmations and account statements timely and thoroughly in order to identify excessive or unauthorized trades. Concerns should be immediately brought to the attention of the firm.***
- ☛ ***Ask your Broker if there is an alternative product that would provide you with a similar investment strategy that is less expensive.***
- ❗ You may report your concerns by contacting us at compliance@alleghenyfinancial.com.

Annuities

Similar to mutual funds, AI receives a sales charge or commission when you purchase an annuity contract. The commission will reduce the value of your account and the return on your investment. The commission on an annuity typically ranges between 0.5% and 5% but may vary depending on the annuity provider, share class of the investments selected, the life of the annuity and the type of annuity purchased.

In addition to the commission described above, AI will receive ongoing, third-party payments from a majority of annuity companies in connection with investments that our customers make in their annuity contracts. These third-party payments are referred to as “trailers” and typically continue for the life of your investment. The trails vary by issuer and depending on the type of annuity purchased but typically range from 0.25% to 1%. AI shares a portion of the trailers with your Broker.

This compensation structure creates an incentive for us to recommend an annuity company or share class that pays trailers and those annuities with higher sales charges; even though there may be other annuity products with similar attributes and investor benefits that do not pay trailers or pay lower sales charges. It also creates an incentive for us to recommend that you increase your investment amount and because the more you invest, the more we receive in sales charges and trailers.

AI also receives compensation in connection with the sale of variable annuity contracts that is referred to as non-cash compensation. Non-cash compensation includes, but is not limited to: merchandise, gifts and prizes that do not exceed \$100 per person, per year; an occasional meal, ticket to a sporting event or the theater or comparable entertainment; and travel expenses, meals, and lodging in connection with training and educational events that we attend or sponsor. Securities rules prohibit AI from accepting non-cash compensation that is preconditioned on the achievement of a sales target.

- ☛ ***You should ask your Broker about the annuity contract’s surrender period and the charges that apply if you surrender early and the surrender period.***
- ☛ ***You should ask your Broker to explain the free look period for your annuity contract.***
- ❗ The SEC published a guide for investors when purchasing variable annuities. You can access this guide at <https://www.sec.gov/investor/pubs/sec-guide-to-variable-annuities.pdf>

Fixed Income Securities

When AI purchases or sells fixed income securities on your behalf, we do what is called a riskless-principal transaction. This means that we execute a transaction in our proprietary account with the sole purpose of filling your order. When we execute a riskless-principal transaction, we will charge you a markup or markdown based

on the price at which we executed the order. These transactions are treated as agency transactions. The markup/markdown you pay will not exceed 5% of the principal value of the trade. There are some situations where the markup/markdown will exceed 5%, such as when the security is traded at a deep discount. The markup/markdown percentage is based on factors such as the type of security involved, the availability of the security in the market, the price of the security, the amount of money involved in a transaction, and the rating and maturity of the security.

- ☛ ***You should ask your Broker to review the confirmation of your transaction provided by the clearing firm and the markups/markdowns that applied if you executed a fixed income security transaction.***
- ❗ FINRA provides investors with important information about fixed income investments. This information is available at <https://www.finra.org/rules-guidance/key-topics/fixed-income#investor-education>.

Alternative Investments, Private Placements & Limited Partnerships

Alternative investments include, but are not limited to hedge funds, private equity funds, non-traded business development companies, real estate private placements, and real estate investment trusts. AI earns sales compensation as high as 8%. The sales compensation earned can be found in the offering documents provided by the product sponsor.

In addition to the sales compensation described above, AI will receive ongoing, third-party payments from a majority of product sponsors in connection with investments that our customers make in their products. These third-party payments are also known as “trailers” and typically continue for the life of your investment. The maximum trail payment for private funds is typically around 1% of invested assets on an annual basis. AI shares a portion of the trailers with your Broker.

This compensation structure creates an incentive for us to recommend an alternative investment that pays trailers and those with higher sales charges than other products; even though there may be other products with similar attributes and investor benefits that do not pay trailers or pay lower sales charges. It also creates an incentive for us to recommend that you increase your investment amount and because the more you invest, the more we receive in trailers.

May purchase private placements for self,

- ☛ ***You should ask your Broker to review the offering documents and sales compensation that applies for any alternative investment, private placement or limited partnership you are considering.***
- ❗ FINRA provides information for investors on Alternative and Complex Problems including Limited Partnerships on their site here <https://www.finra.org/investors/learn-to-invest/types-investments/alternative-and-complex-products>.
- ❗ FINRA provides information for investors on Private Placements here <https://www.finra.org/investors/insights/know-you-invest-private-placements>



Investment Strategies

Brokerage Accounts

AI provides client recommendations based on the individual client's financial situation. AI evaluates suitability based on short- and long-term financial goals, risk tolerance, current investments and assets, income needs, tax situations and other financial criteria.

Life Insurance Products

Some investment strategies may include the purchase of non-securities related insurance products, such as life insurance and fixed annuities. AI and your Broker receive compensation from the issuers of these insurance products that includes commissions, trails, and sometimes payments for administration services, marketing, training and education. Commissions vary depending on the issuer, coverage, and the amount of premium; and typically range from 0.5% to 5 % of the insurance policy premium. AI also receives trailers that typically range between 0.25% to 1% of any subsequent premiums paid by the investor. AI shares a portion of commissions and trailers with its Brokers.

This compensation structure creates an incentive for us to recommend the purchase of higher premiums or recommend insurance products that pay additional compensation for exceeding stated thresholds, when there are other insurance products that offer the investor similar benefits at lower prices but do not pay us additional compensation.

Retirement Recommendations – IRA Rollovers

When it is suitable for the client AI recommends rollovers to an IRA. Clients, and prospective clients, considering a rollover from a qualified employer sponsored retirement plan ("Employer Retirement Plan") to an Individual Retirement Account ("IRA") are encouraged to consider the advantages and disadvantages of an IRA rollover from their existing Employer Retirement Plan.

A plan participant leaving an employer typically has four options (and can engage in a combination of these options): 1) Leave the money in the former Employer Retirement Plan, if permitted; 2) Transfer the assets to the new employer's plan, if one is available and if rollovers are permitted; 3) Rollover the assets to an IRA; 4) Cash out (or distribute) the assets and pay the taxes due.

Regulatory authorities have advised investors that they have the potential to face increased fees when they transfer retirement savings from their current Employer Retirement Plan to an IRA. The regulators have advised investors that even if there are no costs associated with the IRA rollover itself, there will be costs associated to account administration, investment management or both. In addition to commissions charged by AI, the underlying investments (mutual fund, ETF, annuity, or other investment) typically also charge management fees. Custodial fees also apply. Investing in an IRA through AI has the potential to be more expensive than the current Employer Retirement Plan.

Prior to electing to rollover assets from the current Employer Retirement Plan to an IRA an investor should consider:

- Available investment choices.
- The professional assistance available to participants in the current Employer Retirement Plan when compared to the brokerage services offered by AI.
- The cost of brokerage commissions.
- Management expenses associated with the underlying investments in an IRA account vs. the underlying investment expenses associated with the current Employer Retirement Plan. Often, the management expenses in the current Employer Retirement Plan are less expensive than in a rollover IRA account.
- Custodial charges in the IRA account vs. the current Employer Retirement Plan.
- Transaction charges associated with the IRA vs. the current Employer Retirement Plan.
- The rules pertaining to the required minimum distributions (“RMD”) in the current Employer Retirement Plan when compared to IRA’s.
- Legal protections afforded to current Employer Retirement Plan participants and to rollover IRA account owners. Employer Retirement Plans have significant liability protection.
- The rules pertaining to beneficiaries of an IRA vs. the current Employer Retirement Plan (inherited accounts).
- The loan provision associated with the current Employer Retirement Plan, if any. IRA accounts do not have loan provisions.
- Employer Retirement Plans that are available from a new employer.

You are encouraged to consult with a CPA, tax adviser, the plan administrator and/or legal counsel prior to rolling over assets from the current Employer Retirement Plan to an IRA with AI.

Brokerage Services

Account Fees and Charges

Your brokerage account with AI will incur other fees and charges for activity involving, but not limited to, transaction processing, account transfers, and retirement account maintenance. Some of these charges apply to each transaction in your account which provides us incentive to transact more often in your account. Refer to the AI Brokerage Fee Schedule located on our website at <https://back.allegHENYfinancial.com/wp-content/uploads/2020/06/Brokerage-Fee-Schedule-2020.pdf> for detailed information.

Other Compensation & Conflicts

Payment for Referrals

AI compensates certain registered representatives for referring clients to our advisory business. Referral arrangements will not result in any additional fees to the client; however, a conflict exists where the registered representative is incentivized to refer clients.

Trade Errors

Upon discovery of a trade error, AI will take necessary steps to correct the error. AI absorbs all losses associated with errors. Any gains received as a result of an error are retained in AI's error account to cover future potential losses.

Third-Party Custody, Execution and Clearing Services

For complete details on third-party custody, execution and clearing service fees, please refer to the AI Brokerage Fee Schedule located on our website at <https://back.alleghenyfinancial.com/wp-content/uploads/2020/06/Brokerage-Fee-Schedule-2020.pdf>.

Direct-Way Business.

AI purchases mutual fund shares and annuity contracts, on behalf of its customers, directly from the fund company or annuity provider. This is known as "direct-way business." These assets are held in custody at the fund company or annuity provider rather than in your brokerage account. AI has entered into Selling Agreements with various mutual fund companies and annuity providers.

Introducing Broker-Dealer.

For all other transactions, AI acts as an introducing broker. This means we have entered into an agreement with another registered broker-dealer, National Financial Services LLC, to maintain custody of the cash and securities held in your brokerage account(s), as well as execute and clear the transaction orders we enter on your behalf. We are limited to the universe of products and certain mutual fund share classes available on our custodial platform.

You can learn more about our clearing firm by visiting their website at clearingcustody.fidelity.com/app/home and by viewing FINRA's BrokerCheck, available at <https://brokercheck.finra.org>.

Disclosures

Please review the Disclosures page on AI's website for the current information about AI's brokerage services, compensation and related conflicts of interest. AI posts changes to this disclosure on its website <https://www.alleghenyfinancial.com/compliance> from time to time. AI may not notify you when these changes are made, so you should consult the website to learn about any changes that have been made. If you are unable to access the website or require paper copies of any documents referenced here, please contact us at 1-800-899-3880.