

Allegheny Financial Group, LTD  
811 Camp Horne Road, Suite 100  
Pittsburgh, PA 15237  
412-367-3880  
1-800-899-3880  
[www.alleghenyfinancial.com](http://www.alleghenyfinancial.com)  
[www.alleghenyinvestments.com](http://www.alleghenyinvestments.com)

March 2021

This Brochure provides information about the qualifications and business practices of Allegheny Financial Group, LTD (“Allegheny”). If you have any questions about the contents of this Brochure, please contact us at 412-367-3880 or [comments@alleghenyfinancial.com](mailto:comments@alleghenyfinancial.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.

Allegheny is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training.

Additional information about Allegheny also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

There have been no material changes to our Form ADV Part 2 (brochure) since our last annual update in March 2020.

### Item 3 - Table of Contents

## Contents

Item 1- Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 - Table of Contents .....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	6
Item 6 - Performance-Based Fees and Side by Side Management.....	8
Item 7 - Types of Clients.....	8
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9 - Disciplinary Information .....	10
Item 10 - Other Financial Industry Activities and Affiliations .....	10
Item 11 - Code of Ethics .....	11
Item 12 – Brokerage Practices .....	12
Item 13 – Review of Accounts.....	13
Item 14 – Client Referrals and Other Compensation.....	13
Item 15 – Custody .....	13
Item 16 – Discretion.....	14
Item 17 – Voting Client Securities.....	14
Item 18 – Financial Information.....	14

Supplement(s)-Annual Audited Report/Financials

## Item 4 – Advisory Business

Allegheny offers asset management, portfolio management and financial planning services to clients. Allegheny is an SEC registered investment adviser. Allegheny is principally owned by its employee advisers.

Allegheny Financial Group was founded in 1976 by James D. Hohman and James J. Browne to provide comprehensive financial planning to clients in the Greater Pittsburgh area. Messrs. Browne and Hohman began attracting like-minded professionals, intent on providing exceptional financial planning services to their clients. In 1977, Messrs. Hohman and Browne founded Allegheny Investments, LTD (“AI”), an affiliated dually registered investment adviser and broker dealer, to provide brokerage services for Allegheny clients. Allegheny Investments, LTD is a member of the Financial Industry Regulatory Authority “FINRA”, the Securities Investor Protection Corporation “SIPC”, and the Municipal Securities Rulemaking Board “MSRB”.

Allegheny provides the following investment advisory and financial planning services. Advisory services are tailored to the individual needs of the client. Clients have the right to impose restrictions on investments in certain securities, or certain types of investments. Allegheny provides investment management services on both a discretionary and non-discretionary basis (see item 16 for more detail). **Investment Management**

Allegheny Advisors provide comprehensive investment management services. Clients selecting this service are charged a portfolio management fee, described below. Allegheny Advisors provide 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 strategy and create and manage a portfolio based on that strategy. 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. Clients will receive reports reflecting the value and status of their uniquely designed portfolio.

Selecting fund managers is a large part of our service as an advisory firm. Allegheny uses original and proprietary investment research conducted by the firm's research department and investment committee. We manage advisory accounts on a discretionary or non-discretionary basis. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Account supervision is guided by the client's stated goals, objectives, risk tolerance, as well as tax considerations.

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. Allegheny Advisors will work with client to create a client profile based on the client's investment objectives and situation. Recommendations in mutual funds, stocks, bonds or other assets of any kind will be consistent with the client's investment objectives and restrictions set forth in the client profile and implementation of those recommendations will be on direction from the client. Additionally, clients may place unsolicited trades in their account.

Clients receiving these services participate in Allegheny's Wrap Fee Program for which Allegheny receives a fee. See the Allegheny Wrap Fee Brochure for additional details.

### **Financial Planning and Other Services**

Allegheny develops individualized investment plans for a client based upon an analysis of client objectives, risk tolerance, time frame and other data. Non-discretionary account services also include financial planning, investment fiduciary consulting, retirement plan consulting, and IRA rollovers. Clients that select a financial planning or non-discretionary management service are not obligated to engage us when implementing advisory recommendations.

Using a team approach and in conjunction with other professionals, Allegheny is qualified to provide assistance and advice concerning:

- Business purchase or disposition
- Business continuation planning
- Succession planning and legacy planning
- Business valuations

- Business financing
- Retirement Planning

### **IRA Rollovers**

As part of the retirement and/or financial planning process and when it is suitable for the client, Allegheny Advisers recommend 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 the fees charged by Allegheny, the underlying investments (mutual fund, ETF, annuity, or other investment) typically also charge management fees. Custodial fees also apply. Investing in an IRA managed by Allegheny 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:

- The type of account investment management desired. For example, is assistance in the management of investments desired on a discretionary or non-discretionary basis; or is a self-managed account preferred.
- Available investment choices.
- The professional assistance available to participants in the current Employer Retirement Plan when compared to the advisory services offered by Allegheny in an advised IRA account.
- The cost of advisory fees.
- Management expenses associated with the underlying investments in an IRA advisory 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 advisory account.
- Custodial charges in the advised IRA account vs. the current Employer Retirement Plan.
- Transaction charges associated with the advised 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 the advised IRA.
- 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 advised IRA with Allegheny.

### **Private Fund Advisor**

Supervised persons of Allegheny and affiliated persons advise private funds (“Funds”) as listed below. Private funds are generally available only to high-net worth individuals. Certain Allegheny advisors and other related

entities (as disclosed in ADV Part 1) serve as General Partner and Advisors to the Funds. Offers to invest in Funds are only made pursuant to appropriate offering documents.

As of 12/31/2020, Allegheny managed \$3,897,483,825 of client regulatory asset under management and together with its related affiliate (Allegheny Investments, LTD "AI" a dually registered investment adviser and licensed broker-dealer), \$4,439,994,888 of regulatory assets under management. Collectively, the related entities managed \$4,034,191,238 of discretionary assets and \$405,803,650 of non-discretionary assets.

## Item 5 – Fees and Compensation

Allegheny Advisors are compensated for providing financial services in the following ways:

- Flat or Hourly Fees
- Portfolio Management Fees
- Private Fund Fees

### Flat or Hourly Fees

Allegheny reserves the right to negotiate fees for financial planning and other services described above on a flat, retainer, or hourly basis. Allegheny's maximum hourly fee rate is \$500.00. Fees are negotiated in advance between the Advisor and the client. The amount of the fee charged is determined by several factors including, but not limited to, the size and complexity of the portfolio, the client's other assets and liabilities, the breadth of the issues explored and any other ancillary advice or services that the client requires. The ultimate plan created may be comprehensive in nature or may address an individual issue, depending on the needs of the client. Typically, half of the fee is paid upon execution of the contract, and the remainder is due upon completion of the work. However, clients and Advisors may make other arrangements that are mutually agreeable to all parties.

### Portfolio Management Fees

Portfolio management fees are calculated as a percentage of assets under management and generally billed at least semi-annually. Fees are billed in advance or arrears, in accordance with the terms of the portfolio management agreement. Instructions will be provided to Allegheny's qualified custodian to have the advisory fees deducted from your account. In limited circumstances, Allegheny invoices clients for their fees as described in the client's portfolio management agreement. The following are the maximum permissible portfolio management fees payable by the client to Allegheny:

- 1.00% on the first \$2,500,000 of assets under management
- 0.65% on the amount from \$2,500,000 to \$5,000,000
- 0.50% on the amount from \$5,000,000 to \$10,000,000
- 0.45% on the amount from \$10,000,000 to \$25,000,000
- 0.40% on the amount from \$25,000,000 to \$50,000,000
- 0.35% on the amount of assets over \$50,000,000

Allegheny, in its sole discretion, has the right to deviate from this schedule. A client's total fee may exceed the schedule above when flat or hourly fees apply. Allegheny permits existing clients to continue to be billed according to previously published ADV schedules for cases where the relationship was established under the then published ADV terms. Previously established fee schedules will be calculated differently than the schedule stated above, in accordance with that client's management agreement. Allegheny retains the right to negotiate fees on a client-by-client basis. Each client's facts, circumstances and needs are considered in determining the client fee. Allegheny considers the complexity of the client, amount and types of assets managed, related accounts and other factors. Clients have the option to have fees deducted from the client's account or receive a bill for services provided. Clients have the right to terminate their advisory contract with Allegheny upon 30 (thirty) days written notice. In cases where fees are collected in advance and upon termination of a management agreement, any prepaid, unearned fees will be refunded to the client. Allegheny will prorate the refund according to the number of days remaining in the billing period.

For the purpose of asset management fee calculations Allegheny reserves the right to combine the advisory accounts of immediate family members or other related accounts. Allegheny, in its sole discretion, permits an Allegheny Advisor to include additional accounts.

#### **Private Fund Fees**

Private fund fees are detailed in the Fund offering documents. These fees include management fees and performance-based fees (described below in Item 6).

#### **Brokerage Commissions and Other Fees**

The Firm's brokerage practices are described at length in Item 12, below. Other fees are disclosed in the Allegheny Wrap Fee Program Brochure, Client agreements and account documents.

Fees assessed and collected by an outside manager or fund company are not included in the Allegheny fee. In addition to the fees charged by Allegheny, clients will incur brokerage, custodial or mutual fund fees and expenses on certain investments. Some investments have additional fees embedded within the product.

Once the financial or advisory plan is complete, the client may elect to have the plan executed by their Allegheny Advisor through the affiliated broker-dealer; they may execute the plan on their own; or they may choose to have another broker dealer execute the plan.

For additional information, please see Item 12-Brokerage Practices. Your Allegheny Advisor is available to answer any of your questions.

#### **12b-1 Fees**

12b-1 fees are known in the securities industry as trails and service fees. Some mutual funds charge investors 12b-1 fees to cover fund distribution and/or shareholder service expenses pursuant to Section 12(b) of the Investment Company Act of 1940 and Rule 12b-1 thereunder, and pass these fees on to the fund's distributor, which passes some or all of them to broker-dealers and other intermediaries whose customers hold fund shares. Allegheny Financial Group does not receive any such fee. Our affiliate AI receives 12b-1 fees from mutual funds and/or mutual fund distributors. AI does not receive these fees for all mutual fund share classes. Fees are only received by AI for share classes that pay such fees and when the fees are not credited back to the client account.

Mutual fund share classes represent an interest in the same portfolio of underlying securities with the same investment objective. Most mutual funds offer different share classes with varying fee structures, including Class A, Class C, Class I and various other share classes. The primary differences among the various share classes is their fee structure and availability.

For example, Class A shares are available to everyone and generally are sold with sales charges or front-end sales "loads" that are often waived when Class A shares are purchased through fee-based accounts. Class A shares also often include what are known as "12b-1" fees to cover fund distribution and shareholder services. These fees are deducted from the mutual fund assets on an ongoing basis and paid to the fund's distributor. In turn, these fees are passed on as compensation to the broker-dealers and registered representatives, whose customers own the shares. Allegheny's affiliate AI, as a broker, is paid 12b-1 fees when the selected share class has such a fee. These fees are then applied as an offset to the client's advisory fee.

Class I shares on the other hand, usually have no up-front or deferred sales charges and rarely have 12b-1 fees. As a result, an individual who invests in Class I shares of a given mutual fund will pay lower fees over time—and keep more of his or her investment returns—than an individual who holds Class A shares of the same fund. Therefore, if an investor meets a mutual fund's criteria for purchasing Class I shares, it is almost always in the investor's best interest to select that share class over the same fund's more expensive Class A shares.

Clients should review the mutual fund prospectus to learn more about the fees and expenses related to the mutual funds Allegheny selects or recommends.

The choice of share classes is a complex issue. Please discuss this with your Advisor or Allegheny's Chief Compliance Officer to ensure that you understand the choices involved. Additional information on this topic is available by

reading the investment prospectus and on websites maintained by the Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)) and the Financial Industry Regulatory Association ([www.FINRA.org](http://www.FINRA.org)).

In addition to advisory fees, Allegheny Advisors who are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers receive additional compensation on certain brokerage products. These individuals can implement investment recommendations for advisory clients and receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation. These additional fees and expenses will increase the overall investment cost to the client.

Receipt of these commissions presents a conflict of interest and gives Allegheny and its Advisors an incentive to recommend an investment product based on the compensation received. Allegheny addresses this conflict by requiring our Advisors to utilize the lowest cost share class available on the existing platform in our client's advisory accounts. When selecting the lowest cost share class Allegheny and the Advisor consider the expense ratio of the fund and transaction charges associated with the share class. For advisory accounts, when the only share class available is one that generates a 12b-1 fee, the revenue will be credited back to the client account or offset the client's advisory fee.

Allegheny endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of compensation by Allegheny, or its affiliate AI, in and of itself creates a conflict of interest and can indirectly influence Allegheny's choices for investments, custody and brokerage services.

Additionally, Clients should consider the impact of transaction costs related to mutual fund purchases. Certain share classes have transaction related expenses and others do not. All of these additional fees and expenses will increase the overall investment cost to the Client. When recommending or selecting share classes for advisory clients, Allegheny generally avoids using share classes that incur transaction fees. However, share classes that can be traded without transaction charges ("NTF Funds") are generally more expensive than share classes that carry a transaction charge. Many mutual funds have share classes with higher internal expenses which are traded with no transaction costs charged by the broker/custodian and another share class that has a lower internal expense but carries a transaction charge for each purchase/sale. Based on each client's financial situation, Allegheny will generally purchase NTF Funds with a higher internal expense to avoid the potential cost of incurring repeated transaction fees. In some instances, this practice will cause the client to pay higher total expenses. The impact of the higher expense share class varies based on the amount of assets invested in the fund and the number of transactions.

## **Item 6 - Performance-Based Fees and Side by Side Management**

Allegheny does not use performance fee arrangements with individual clients. Allegheny and related entities do enter into such arrangements with Private Funds. These arrangements present a conflict of interest that creates an incentive to favor accounts with a performance-based fee over other account. Allegheny addresses this conflict in the management process of these funds. Given the specialized nature of these arrangements any client considering such an investment will be given detailed information concerning the fee structure and risks of these investments.

## **Item 7 - Types of Clients**

Allegheny provides investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, corporation and other business entities, pension plans, individual retirement account plans, profit sharing plans, and private funds. Allegheny sets no minimum account limit for opening or maintaining an account.

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

Allegheny advisors place a strong emphasis on the financial planning process. Clients who receive financial planning services generally go through the following process. Not all clients receive financial planning.

- a. **DEFINE CLIENT OBJECTIVES** Our Allegheny Advisors ask questions and discover key client issues and concerns, based upon their extensive experience, to build a meaningful evaluation of our clients' finances. These questions include determining risk tolerance, education needs, retirement objectives, long and short-term goals and objectives.
- b. **DEVELOP A FINANCIAL PLAN** Allegheny Advisors analyze assets and liabilities and evaluate risk tolerances to develop a clear picture of our clients' financial status. This enables us to build a plan to meet each client's objectives. The financial plan may contain programs to enhance cash flow, decrease tax liabilities, enhance the funding of educational goals or a comfortable retirement, or meet a business or organization's financial goals. Our planning tools enable Allegheny Advisors to chart detailed projections to account for factors that impact our clients' finances, and anticipate changing needs. At the end of the process, Allegheny Advisors provide a very specific set of recommendations. Clients then decide whether to implement these recommendations.
- c. **IMPLEMENT THE FINANCIAL PLAN** Allegheny Advisors work with a team of specialists to select the most appropriate fund managers, insurance providers, and risk managers to ensure consistent portfolio performance.
- d. **MONITOR AND REFINE THE FINANCIAL PLAN** Allegheny Advisors support our clients' portfolio with ongoing and original research to measure performance. Allegheny Advisors report to clients through detailed reports and updates and one-on-one meetings.

Allegheny Advisors primarily use mutual funds in their investment strategy. Risks associated with this include:

*Market conditions*- The prices of, and the income generated by, the common stocks, bonds and other securities held by the fund may decline due to market conditions and other factors, including those directly involving the issuers of securities held by the fund.

*Investing in growth-oriented stocks*- Growth-oriented stocks may involve larger price swings and greater potential for loss than other types of investments.

*Investing in income-oriented stocks*- Income provided by the fund may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the fund invests.

*Investing in bonds*- Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates may cause an issuer to redeem, call or refinance a security before its stated maturity, which may result in the fund having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities may be subject to greater price fluctuations than shorter maturity debt securities.

Bonds and other debt securities are subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Lower quality debt securities generally have higher rates of interest and may be subject to greater price fluctuations than higher quality debt securities.

*Investing in securities backed by the U.S. government*- Securities backed by the U.S. government are guaranteed by the U.S. Treasury or the full faith and credit of the U.S. government are guaranteed only as to the timely payment of interest and principal when held to maturity. Accordingly, the current market values for these securities will fluctuate with changes in interest rates. Securities issued by government sponsored entities and federal agencies and instrumentalities are neither issued nor guaranteed by the U.S. government.

*Investing in mortgage-backed and asset-backed securities*- Many types of bonds and other debt securities, including mortgage-back securities, are subject to prepayment risk, as well as the risks associated with investing in debt securities in general. If interest rates fall and the loans underlying these securities are prepaid principal in lower yielding securities, thus reducing the fund's income. Conversely, if interest rates increase and the loans underlying the securities are prepaid more slowly than expected, the expected duration of the securities may be extended. This reduces the potential for the fund to invest the principal in higher yielding securities.

*Thinly traded securities*- There is little trading in the secondary market for particular bonds or other debt securities, which makes them more difficult to value or sell.

*Investing outside the United States-* Securities of issuers domiciled outside the United States, or with significant operations outside the United States, may lose value because of political, social or economic developments in the country or region in which the issuer operates. These securities may also lose value due to changes in the exchange rate of currencies which are more volatile and/or less liquid than those in the United States. Investments outside the United States may also be subject to different settlement and accounting practices and different regulatory, legal and reporting standards than those in the United States. These risks are heightened in connection with investments in developing countries.

*Management-* The investment advisor to a fund actively manages the fund's investments. Consequently, the fund is subject to the risk that the methods and analyses employed by the investment adviser do not produce the desired results. This could cause the fund to lose value or its results to lag relevant benchmarks or other funds with similar objectives.

*Equity Market Risk-* Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

*Investment Selection Risk-* There is no guarantee that our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security are correct and that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

Investing in securities involves the risk of loss. Your investment in a fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, entity or person. You should consider how this fund fits into your overall investment program.

## **Item 9 - Disciplinary Information**

Allegheny does not have any legal or disciplinary events to disclose.

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

As noted previously, Allegheny's affiliate AI is a dually registered investment adviser and licensed broker-dealer. AI is under common control with Allegheny Financial Group and the directors of AI are also the directors of Allegheny Financial Group.

### **Registered Representatives and Affiliated Broker-Dealer**

Some members of management and other personnel are registered representatives of the affiliated broker-dealer. In this capacity they implement investment recommendations for advisory clients and receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation.

Receipt of commissions presents a conflict of interest and it gives Allegheny and the Advisor an incentive to recommend an investment product based on the compensation received. Allegheny addresses this conflict by disclosing to clients brokerage and other expenses. Clients will receive notification of brokerage commissions charged by the affiliated broker-dealer.

Allegheny endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Allegheny in and of itself creates a conflict of interest and indirectly influences Allegheny's choices for investments, custody and brokerage services.

**Insurance Agents**

Some members of management and other personnel are licensed insurance agents and receive additional compensation for the implementation or purchase of insurance products for advisory clients. Allegheny's affiliate AI is a licensed insurance broker.

**Other Professional Services**

Some Allegheny Advisors are involved in other business activities including accounting services and other professional services. Please see the individual Part 2B supplement for information concerning your advisor.

**Private Funds**

Some members of management are shareholders and/or general partners or managing members of limited partnerships of limited liability corporations formed for investment purposes. Certain Advisory clients are solicited to invest in these Funds. Funds are only available to accredited investors and involve certain additional risks. General Partners and other related entities are compensated in accordance with the partnership offering documents. A list of these related entities is disclosed on Schedule D of Form ADV Part 1. Form ADV Part 1 can be accessed by following the directions on the Cover Page of this Brochure.

**Item 11 - Code of Ethics**

Allegheny has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Allegheny must acknowledge the terms of the Code of Ethics annually, or as amended. Allegheny's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Allegheny Compliance at the number listed on the cover page.

In appropriate circumstances, consistent with clients' investment objectives, Allegheny will cause accounts over which Allegheny has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Allegheny, its affiliates and/or clients, directly or indirectly, have a position of interest. Allegheny's employees and persons associated with Allegheny are required to follow Allegheny's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Allegheny and its affiliates trade for their own accounts in securities and investments which are recommended to and/or purchased for Allegheny's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Allegheny 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. The Code of Ethics permits employees to invest in the same securities as clients, and while there is a possibility that employees might benefit from market activity by a client in a security held by an employee, employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Allegheny and its clients.

It is Allegheny's policy that the firm will not affect any principal or agency cross securities transactions for client accounts, with the exception of a very limited number of bond transactions with pre-notification to the clients which are conducted by Allegheny's affiliate AI. Allegheny will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions have the potential to arise since Allegheny's affiliate AI is dually registered as a broker-dealer and investment adviser.

## Item 12 – Brokerage Practices

Clients select the broker-dealer and custodian for their accounts. Allegheny recommends our affiliated broker-dealer, clearing through National Financial Services (“NFS”), a FINRA registered broker-dealer, member SIPC.

Brokers and custodians are 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. Please see the wrap fee brochure for additional details on the asset-based fees charged by NFS.

Custodians also make available to our firm other products and services that benefit Allegheny but do not always directly benefit our clients' accounts. Many of these products and services will 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 trade orders for multiple client accounts;
- provide research, and other market data;
- assist with back-office functions, recordkeeping and client reporting.

Custodians make available, arrange and/or pay third-party vendors for the types of services rendered to Allegheny. Custodians 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 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 creates a potential conflict of interest.

### **Affiliated Broker-Dealer**

As described in Item 5 and Item 10 of this brochure, Management and other personnel are registered representatives of an affiliated broker-dealer. In this capacity they implement investment recommendations for advisory clients and receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation. This presents a conflict of interest to the extent that recommendations are made to Clients that result in additional compensation for Allegheny, its affiliates, or its employees. Clients have the option to purchase investments and insurance products through other advisers.

Allegheny endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Allegheny in and of itself creates a conflict of interest and influences Allegheny's choices for investments, custody and brokerage services.

The majority of our clients select our affiliated broker-dealer. NFS provides Allegheny with access to their institutional trading and custody services. NFS services include the execution of securities transactions, custody, operations and technology services. You may discuss this arrangement with your Allegheny Advisor, or contact Allegheny Compliance.

### **Soft Dollar Arrangements**

Allegheny does not have any traditional soft-dollar arrangements. However, Allegheny 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, mutual funds, TAMP providers, insurance and annuity companies and other vendors. Allegheny also 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. Clients are advised that a conflict of interest exists to the extent that Allegheny recommends products from these financial institutions or other vendors. However, the client is under no obligation to purchase these products.

#### **Brokerage for Client Referrals**

Allegheny does not recommend broker-dealers to clients in exchange for client referrals.

#### **Directed Brokerage**

Allegheny does not permit, require, request or recommend clients to direct brokerage.

#### **Trade Aggregation**

Allegheny does not aggregate client trades.

#### **Best Execution**

Clients select a broker dealer to execute the advisory plan. AI will not always provide the lowest execution cost. The brokerage commissions for sale of securities charged by AI may be higher or lower than those charged by other broker dealers. Since AI is under common control with Allegheny, this encourages the investment advisor representatives to recommend transactions to be placed with AI as opposed to a different broker dealer. Allegheny does not receive compensation for directing orders to particular broker dealers or market centers for execution.

### **Item 13 – Review of Accounts**

Allegheny Advisors typically contact their clients at least semi-annually, as well as offer to schedule meetings with them at least annually to review the performance of Allegheny clients' advisory accounts, and discuss any changes in the clients' finances, financial goals, or profile. An Allegheny supervising principal reviews client transactions. Each financial plan or report is reviewed by at least one Allegheny Advisor in addition to the Advisor preparing the plan. Allegheny advisors provide reports to clients on a periodic basis as determined by the relationship and indicated in the client/advisor agreement.

Allegheny Advisors monitor client portfolios continuously. Allegheny supervising principals, in conjunction with Compliance, review client information on an ongoing basis. Allegheny relies in part on technology but also reviews and audits other information.

Allegheny Advisors and Allegheny home office personnel are available during normal business hours to answer questions or other inquiries from clients.

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

Allegheny does not accept or allow our supervised 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.

Allegheny compensates others for client referrals. When compensating others Allegheny will follow the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 and any corresponding securities law requirements. At the time of the referral Allegheny will disclose the nature of the relationship and provide a written disclosure statement. Referral arrangements will not result in any additional fees to clients.

### **Item 15 – Custody**

Allegheny does not maintain physical custody of client funds or securities. However, Allegheny is deemed to have custody of client assets in certain situations where we (or a related person) have the authority to obtain possession of client funds or securities. In the instances where Allegheny is deemed to have custody, we will follow the requirements of rule 206(4)-2 including obtaining all required audits.

Clients receive statements at least quarterly from the qualified custodian that holds and maintains the client's investment assets. Allegheny urges you to carefully review such statements and compare such official custodial records to the reports that we provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Discretion**

Allegheny provides investment management services on both a discretionary and non-discretionary basis. Non-discretionary services require clients to initiate or pre-approve investment transactions in their accounts before they can occur, whereas "discretionary" services authorize Allegheny to buy, sell or hold investment positions without obtaining pre-approval from clients for each transaction. Clients choose if they want Allegheny to provide investment management services on a discretionary or non-discretionary basis. When clients choose discretionary management, Allegheny receives limited discretionary authority from the client to select the identity and amount of securities to be bought or sold. Clients must provide written authorization to allow Allegheny discretionary authority. In all cases, this discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Allegheny observes the investment policies, limitations and restrictions as provided by the client. Investment guidelines and restrictions must be provided to Allegheny in writing.

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

As a matter of firm policy and practice, Allegheny does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

Clients will receive proxies or other solicitations directly from their custodian or transfer agent. We provide clients with assistance regarding proxy issues if they contact us with questions.

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

Registered investment advisers are required to provide you with certain financial information or disclosures about Allegheny's financial condition. Allegheny has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. For certain clients, Allegheny requires or solicits payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we have included financial statements from an independent auditor.

# AFG 2020 Audited Financials

Allegheny Financial Group has filed for a 30-day extension to file our 2020 audited financials in accordance to SEC Release No. 34-91128. Our audited financials will be available by 4/30/2021, please reach out to [compliance@alleghenyfinancial.com](mailto:compliance@alleghenyfinancial.com) to request a copy of our audited financials.

Sincerely,

Steve Hawbaker

CCO/CFO

ALLEGHENY FINANCIAL GROUP WRAP FEE PROGRAM  
BROCHURE

Allegheny Financial Group, LTD  
811 Camp Horne Road, Suite 100  
Pittsburgh, PA 15237  
412-367-3880  
1-800-899-3880  
[www.Alleghenyfinancial.com](http://www.Alleghenyfinancial.com)  
[www.Alleghenyinvestments.com](http://www.Alleghenyinvestments.com)

March 2021

This wrap fee program brochure provides information that you should consider before becoming a client of the Allegheny Financial Group Wrap Fee Program. If you have any questions about the contents of this Brochure, please contact us at 412-367-3880 or [comments@Alleghenyfinancial.com](mailto:comments@Alleghenyfinancial.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.

Allegheny is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training.

Additional information about Allegheny also 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. The CRD for Allegheny is 104690.

**ITEM 2 - MATERIAL CHANGES**

There have been no material changes to our Allegheny Financial Group Wrap Fee Program Brochure since our last annual update in March 2020.

## ALLEGHENY FINANCIAL GROUP WRAP FEE PROGRAM BROCHURE

### **ITEM 3 - TABLE OF CONTENTS**

#### Contents

ALLEGHENY FINANCIAL GROUP WRAP FEE PROGRAM BROCHURE .....	1
ITEM 2 - MATERIAL CHANGES.....	2
ITEM 3 - TABLE OF CONTENTS .....	3
ITEM 4 - SERVICES, FEES AND COMPENSATION .....	4
ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS .....	7
ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION .....	7
ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS.....	10
ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS.....	10
ITEM 9 - ADDITIONAL INFORMATION.....	10

## **ITEM 4 - SERVICES, FEES AND COMPENSATION**

### **Services**

Allegheny Financial Group, LTD (“Allegheny”) offers asset management services based on the individual needs of the client. This Brochure provides a description of the advisory services offered under the Allegheny Financial Group Wrap Fee Program.

For more information about Allegheny’s other investment advisory services, please contact your advisor for a copy of a similar brochure that describes such services or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Through the Allegheny Financial Group Wrap Fee Program, Allegheny provides ongoing investment advice and management on assets in the client’s account. Allegheny provides advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, equities, and fixed income securities. Allegheny provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the written advisory agreement with Allegheny.

Allegheny provides investment management services on both a discretionary and non-discretionary basis. Non-discretionary services require clients to initiate or pre-approve investment transactions in their accounts before they can occur, whereas “discretionary” services authorize Allegheny to buy, sell or hold investment positions without obtaining pre-approval from clients for each transaction. Clients choose if they want Allegheny to provide investment management services on a discretionary or non-discretionary basis. When clients choose discretionary management Allegheny receives limited discretionary authority from the client to select the identity and amount of securities to be bought or sold. Clients must provide written authorization to allow Allegheny discretionary authority. In all cases, this discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

Assets for program accounts are held at National Financial Services (“NFS”), a FINRA registered broker-dealer, member SIPC. NFS acts as executing broker-dealer for transactions placed in program accounts, and provides other administrative services as described throughout this Brochure. You cannot request that your orders be executed through another broker-dealer. Allegheny Investments LTD (“AI”), is a dually registered investment adviser and licensed broker-dealer. Allegheny is under common control with AI and the directors of Allegheny are also the directors of AI. AI is the introducing broker-dealer for program accounts. Since associated persons of Allegheny are registered with AI, the affiliated broker-dealer, this presents a conflict of interest. Clients should understand that not all advisors require their clients to select a certain broker. By selecting AI/NFS as the broker, clients may be unable to achieve the most favorable execution of client transactions. Therefore, this practice may cost clients more money. Clients will be subject to separate fees and expenses charged by NFS. Allegheny receives support services and/or products from NFS, many of which assist Allegheny to better monitor and service program accounts maintained at NFS; however, some of the services and products benefit Allegheny and not client accounts.

### **Fees**

In the Allegheny Financial Group Wrap Fee Program, clients pay Allegheny a single advisory fee for advisory services and execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. The advisory fee is

negotiable between the client and Allegheny and is set out in the advisory agreement. The advisory fee is a percentage based on the value of all assets in the account, including cash holdings. The maximum advisory fee for newly executed advisory agreements is 1.00%. The advisory fee may be higher than the fee charged by other investment advisors for similar services. The advisory fee is paid to Allegheny. Allegheny does not accept performance-based fees for program accounts.

The advisory fee is deducted from the account by NFS and paid to Allegheny based on a written authorization from the client. Allegheny calculates the advisory fee in advance and provides the debit instruction to NFS based on the billing frequency stated in the advisory agreement; typically, semi-annually or annually. In limited circumstances, clients are invoiced for their fees. If the advisory agreement is terminated before the end of the period, client is entitled to a pro-rated refund of any pre-paid advisory fee based on the number of days remaining in the billing period after the termination date.

### **Wrap Fee Program Transaction Charges Disclosure**

In the Allegheny Financial Group Wrap Fee Program, the transaction costs are borne by Allegheny. Allegheny has agreed to pay an asset-based fee to NFS. The asset-based fee covers clearing and execution services. The asset-based fee covers the cost of all transactions during the first 60 days after an account is opened. The asset-based fee has an annual limit of 45 transactions. Transactions placed for an account that exceed the annual limit will be paid by Allegheny. Allegheny has an incentive to limit trades to 45 per year.

When the transaction costs borne by Allegheny are transaction based, Allegheny has a conflict of interest because they have a financial incentive to trade less frequently. In addition, because transactions charges vary by security type, there is a conflict of interest for Allegheny because they have an incentive to select securities for your Account that cost the Advisor less than other types of securities. Clients should discuss with their advisor these conflicts. The transaction charges vary depending on the type of security being purchased or sold. In the case of mutual funds, the transaction charges vary. Funds identified in the NFS published directory as being subject to mutual fund transaction surcharges will be assessed a \$10 mutual fund transaction surcharge on buys, sells, exchanges-roundtrip and share class conversions. The list of fund families and/or CUSIPs that are subject to the surcharge is subject to change by NFS without notice. Allegheny is responsible for paying these transaction surcharges. Therefore, Allegheny has an incentive to use funds that are not assessed the extra transaction fee.

NFS currently has arranged for all funds in the No Transaction Fee Program (referenced with a fee status of "NTF") in the published directory to be free of clearing charges for wrap fee program accounts. NFS receives compensation from the fund families based on the average daily net assets in the funds that are identified as NTF. Funds that are identified as NTF generally pay all available 12b-1 fee revenue to NFS as part of such compensation. Any 12b-1 fees associated with the funds identified as NTF that are received by NFS for wrap fee accounts will be credit directly to the client account, or paid to Allegheny then applied as an offset toward the client's advisory fee. While NTF funds have no transaction charge they tend to have a higher expense ratio, which is borne by the client. NFS does not charge a transaction charge for fixed income securities (e.g., bonds or structured products); however, NFS acts as principal on fixed income security transactions and receives a mark-up/down on the transaction. These charges are subject to change.

Certain share classes of mutual funds that participate in NFS's NTF Program can be purchased in non-wrap accounts without a transaction charge. In order to participate in the NTF Program, mutual funds pay NFS recordkeeping and/or revenue sharing fees in the form of asset-based or transaction-based fees. A complete list of mutual fund sponsors participating in the NTF Program can be found by visiting <https://fundresearch.fidelity.com/mutual-funds/fund-families-no-transaction-fee>. Clients should understand that the cost to Allegheny of transaction charges is a factor they consider when deciding which mutual funds to select and whether or not to place transactions in the account. Advisor has a financial incentive to select certain funds in order to reduce or eliminate the transaction charges, including but not limited to funds participating in the NTF Program.

### **Other Types of Fees and Charges**

Program accounts will incur additional fees and charges from parties other than Allegheny as noted below. These fees and charges are in addition to the advisory fee paid to Allegheny. Allegheny does not share in any portion of these third-party fees.

NFS, as the custodian and broker-dealer providing brokerage and execution services on program accounts, will impose certain fees and charges that are not part of the bundled platform fee. NFS notifies clients of these charges at account opening. NFS will deduct these fees and charges, as applicable, directly from the client's program account.

There are other fees and charges that are imposed by other third parties that apply to investments in program accounts. Some of these fees and charges are described below.

- If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay Allegheny the advisory fee with respect to those assets. Most of the mutual funds available in the program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the management services of Allegheny and by making their own investment decisions.
- Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges may apply if client transfers into or purchases such a fund with the applicable charges in a program account.
- Although Allegheny requires that no-load and load-waived mutual funds be purchased in a program account when available, client should understand that some mutual funds pay asset-based sales charges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings.
- If client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.

Further information regarding fees assessed by a mutual fund, or variable annuity is available in the appropriate prospectus, which is available upon request from Allegheny or from the product sponsor directly.

## **Other Important Considerations**

- The advisory fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The advisory fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and or expected size or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client.
- The advisory fee also may cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a program account.
- The Advisor recommending the program to the client receives compensation as a result of the client's participation in the program. This compensation includes the advisory fee and also may include other compensation, such as bonuses, awards or other things of value offered by NFS to Allegheny or its associated persons. The amount of this compensation may be more or less than what Allegheny would receive if the client participated in other Allegheny programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, Allegheny has a financial incentive to recommend a the program over other programs and services.
- The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with Allegheny.

## **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

There are no minimum account values for the Allegheny Financial Group Wrap Fee Program advisory program accounts.

The program is available for individuals, IRAs, banks and thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

In the Allegheny Financial Group Wrap Fee Program, Allegheny is the wrap program portfolio manager. Allegheny, through its associated persons, is responsible for the investment advice and management offered to clients. Allegheny requires that individuals involved in determining or giving investment advice have sufficient training and experience to provide such advice, including the successful completion of industry exams and certifications. For more information about the associated person of Allegheny managing the account, Clients should refer to the Brochure Supplement for the associated person, which Clients should have received along with this Brochure at the time the account was opened.

NFS performs certain administrative services for Advisor, including generation of quarterly statements for program accounts.

### **Methods of Analysis and Investment Strategies**

Allegheny advisors place a strong emphasis on the financial planning process. Clients who receive financial planning services generally go through the following process. Not all clients receive financial planning.

- a. **DEFINE CLIENT OBJECTIVES** Our Allegheny Advisors ask questions and discover key client issues and concerns, based upon their extensive experience, to build a meaningful evaluation of our clients' finances. These questions include determining risk tolerance, education needs, retirement objectives, long and short-term goals and objectives.
- b. **DEVELOP A FINANCIAL PLAN** Allegheny Advisors analyze assets and liabilities and evaluate risk tolerances to develop a clear picture of our clients' financial status. This enables us to build a plan to meet each client's objectives. The financial plan may contain programs to enhance cash flow, decrease tax liabilities, enhance the funding of educational goals or a comfortable retirement, or meet a business or organization's financial goals. Our planning tools enable Allegheny Advisors to chart detailed projections to account for factors that impact our clients' finances, and anticipate changing needs. At the end of the process, Allegheny Advisors provide a very specific set of recommendations. Clients then decide whether to implement these recommendations.
- c. **IMPLEMENT THE FINANCIAL PLAN** Allegheny Advisors work with a team of specialists to select the most appropriate fund managers, insurance providers, and risk managers to ensure consistent portfolio performance.
- d. **MONITOR AND REFINE THE FINANCIAL PLAN** Allegheny Advisors support our clients' portfolio with ongoing and original research to measure performance. Allegheny Advisors report to clients through detailed reports and updates and one-on-one meetings.

Allegheny Advisors primarily use mutual funds in their investment strategy. Risks associated with this include:

- *Market conditions*- The prices of, and the income generated by, the common stocks, bonds and other securities held by the fund may decline due to market conditions and other factors, including those directly involving the issuers of securities held by the fund.
- *Investing in growth-oriented stocks*- Growth-oriented stocks may involve larger price swings and greater potential for loss than other types of investments.
- *Investing in income-oriented stocks*- Income provided by the fund may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the fund invests.
- *Investing in bonds*- Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates may cause an issuer to redeem, call or

refinance a security before its stated maturity, which may result in the fund having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities may be subject to greater price fluctuations than shorter maturity debt securities.

Bonds and other debt securities are subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Lower quality debt securities generally have higher rates of interest and may be subject to greater price fluctuations than higher quality debt securities.

- *Investing in securities backed by the U.S. government*- Securities backed by the U.S. government are guaranteed by the U.S. Treasury or the full faith and credit of the U.S. government are guaranteed only as to the timely payment of interest and principal when held to maturity. Accordingly, the current market values for these securities will fluctuate with changes in interest rates. Securities issued by government sponsored entities and federal agencies and instrumentalities are neither issued nor guaranteed by the U.S. government.
- *Investing in mortgage-backed and asset-backed securities*- Many types of bonds and other debt securities, including mortgage-back securities, are subject to prepayment risk, as well as the risks associated with investing in debt securities in general. If interest rates fall and the loans underlying these securities are prepaid principal in lower yielding securities, thus reducing the fund's income. Conversely, if interest rates increase and the loans underlying the securities are prepaid more slowly than expected, the expected duration of the securities may be extended. This reduces the potential for the fund to invest the principal in higher yielding securities.
- *Thinly traded securities*- There is little trading in the secondary market for particular bonds or other debt securities, which makes them more difficult to value or sell.
- *Investing outside the United States*- Securities of issuers domiciled outside the United States, or with significant operations outside the United States, may lose value because of political, social or economic developments in the country or region in which the issuer operates. These securities may also lose value due to changes in the exchange rate of currencies which are more volatile and/or less liquid than those in the United States. Investments outside the United States may also be subject to different settlement and accounting practices and different regulatory, legal and reporting standards than those in the United States. These risks are heightened in connection with investments in developing countries.
- *Management*- The investment advisor to a fund actively manages the fund's investments. Consequently, the fund is subject to the risk that the methods and analyses employed by the investment adviser do not produce the desired results. This could cause the fund to lose value or its results to lag relevant benchmarks or other funds with similar objectives.
- *Equity Market Risk*- Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

- *Investment Selection Risk*- There is no guarantee that our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security are correct and that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

Investing in securities involves the risk of loss. Your investment in a fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, entity or person. You should consider how this fund fits into your overall investment program.

### **Voting Client Securities**

As a matter of firm policy and practice, Allegheny does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

Clients will receive proxies or other solicitations directly from their custodian or transfer agent. We may provide clients with assistance regarding proxy issues if they contact us with questions.

### **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

In the Allegheny Financial Group Wrap Fee Program, the Advisor is responsible for account management; there is no separate portfolio manager involved. The Advisor obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. The Advisor obtains this information by having the client complete an advisory agreement and other documentation. Clients are encouraged to contact their Advisor if there have been any changes in the client's financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions.

### **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients should contact their Advisor at any time with questions regarding program account.

### **ITEM 9 - ADDITIONAL INFORMATION**

Allegheny does not have any legal or disciplinary events to disclose.

As noted previously, Allegheny's affiliate AI is a dually registered investment adviser and licensed broker-dealer. AI is under common control with Allegheny Financial Group and the directors of AI are also the directors of Allegheny Financial Group.

Some members of management and other personnel are registered representatives of the affiliated broker-dealer. In this capacity they implement investment recommendations for advisory clients and

receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation.

Receipt of commissions presents a conflict of interest and it gives Allegheny and the Advisor an incentive to recommend an investment product based on the compensation received. Allegheny addresses this conflict by disclosing to clients brokerage and other expenses. Allegheny clients will receive notification of brokerage commissions charged by the affiliated broker-dealer.

Allegheny endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Allegheny in and of itself creates a conflict of interest and indirectly influences Allegheny's choices for investments, custody and brokerage services.

Some members of management and other personnel are licensed insurance agents and receive additional compensation for the implementation or purchase of insurance products for advisory clients. Allegheny is a licensed insurance broker.

Some Allegheny Advisors are involved in other business activities including accounting services and other professional services. Please see the individual Part 2B supplement for information concerning your advisor.

Some members of management are shareholders and/or general partners or managing members of limited partnerships of limited liability corporations formed for investment purposes. Certain Advisory clients are solicited to invest in these Funds. Funds are only available to accredited investors and involve certain additional risks. General Partners and other related entities are compensated in accordance with the partnership offering documents. A list of these related entities is disclosed on Schedule D of Form ADV Part 1. Form ADV Part 1 can be accessed by following the directions on the Cover Page of this Brochure.

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

Allegheny has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Allegheny must acknowledge the terms of the Code of Ethics annually, or as amended. Allegheny's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Allegheny Compliance.

In appropriate circumstances, consistent with clients' investment objectives, Allegheny will cause accounts over which Allegheny has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Allegheny, its affiliates and/or clients, directly or indirectly, have a position of interest. Allegheny's employees and persons associated with Allegheny are required to follow Allegheny's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Allegheny and its affiliates trade for their own accounts in securities and investments which are recommended to and/or purchased for Allegheny's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Allegheny 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. The Code of Ethics permits employees to invest in the same securities as clients, and while there is a possibility that employees might benefit from market activity by a client in a security held by an employee, employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Allegheny and its clients.

It is Allegheny's policy that the firm will not affect any principal or agency cross securities transactions for client accounts, with the exception of a very limited number of bond transactions with pre-notification to the clients. Allegheny will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client.

A principal transaction is also deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions have the potential to arise since Allegheny's affiliate AI is dually registered as a broker-dealer and investment adviser.

### **Review of Accounts**

Allegheny Advisors typically contact their clients at least semi-annually, as well as offer to schedule meetings with them at least annually to review the performance of Allegheny clients' advisory accounts, and discuss any changes in the clients' finances, financial goals, or profile. Allegheny supervising principals review client transactions. Each financial plan or report is reviewed by at least one Allegheny Advisor in addition to the Advisor preparing the plan. Allegheny advisors provide reports to clients on a periodic basis as determined by the relationship and indicated in the client/advisor agreement.

Allegheny Advisors monitor client portfolios continuously. Allegheny supervising principals, in conjunction with Compliance, review client information on an ongoing basis. Allegheny relies in part on technology but also reviews and audits other information.

Allegheny Advisors and Allegheny home office personnel are available during normal business hours to answer questions or other inquiries from Allegheny clients.

### **Client Referrals and Other Compensation**

Allegheny does not accept or allow our supervised 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.

Allegheny compensates others for client referrals. When compensating others Allegheny will follow the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 and any corresponding securities law requirements. At the time of the referral Allegheny will disclose the nature of the relationship and provide a written disclosure statement. Referral arrangements will not result in any additional fees to clients.

Registered investment advisers are required to provide you with certain financial information or disclosures about Allegheny's financial condition. Allegheny has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. For certain clients, Allegheny requires or solicits payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we have included financial statements from an independent auditor.