

**TRANSCEND WEALTH COLLECTIVE, LLC**

**APPENDIX 1 WRAP FEE PROGRAM BROCHURE**

**Effective 3.12.20**

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This ADV2A - Appendix 1 (“wrap fee program brochure”) provides information about the qualifications and business practices of Transcend Wealth Collective, LLC. If you have any questions regarding the contents of this wrap fee program brochure, please do not hesitate to contact our Chief Compliance Officer, James Hughes, by telephone at (973) 370-3203 x101 or by email at [jhughes@transcendwealthcollective.com](mailto:jhughes@transcendwealthcollective.com). The information in this wrap fee program brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Transcend Wealth Collective, LLC is a registered investment advisor. Registration with the United States Securities and Exchange Commission (“SEC”) or any state securities authority does not imply a certain level of skill or training. Additional information about Transcend Wealth Collective, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our firm CRD# 299723.

March 12, 2020

## **Item 2 – Material Changes**

Form ADV Part 2 – Appendix 1 requires registered investment advisors to amend their wrap fee program brochure when information becomes materially inaccurate. If an adviser is filing an annual updating amendment and there are any material changes to an advisor's wrap fee program brochure, the advisor is required to notify you and provide you with a description of the material changes.

### **Material Changes**

There have been no material changes to this wrap fee program brochure since the last filing and distribution to Clients.

### *Future Changes*

From time to time, we may amend this wrap fee program brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete wrap fee program brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of TWC.

At any time, you may view the current wrap fee program brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 299723. You may also request a copy of this wrap fee program brochure at any time, by contacting us at (973) 370-3203 or by email at [twc@transcendwealthcollective.com](mailto:twc@transcendwealthcollective.com).

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#### **Item 4 – Services, Fees, and Compensation**

The Transcend Wealth Collective, LLC Wrap Program (the “Program”) is an investment advisory program sponsored by Transcend Wealth Collective, LLC (“TWC” or the “Firm”). TWC is an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”).

This wrap fee program brochure describes the Program as it relates to Clients receiving services through the Program. In addition to the Program, the Firm offers a variety of advisory services, which include financial planning, consulting, and investment management services under different arrangements than those described herein. Information about these services is contained in the Firm’s Form ADV 2A Disclosure Brochure.

##### **Description of the Program**

The Program is offered as a wrap fee program, which provides Clients utilizing the portfolio management services of TWC with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered as any arrangement under which Clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisors) and the execution of designated Client transactions for a specified fee or fees not based upon transactions in their accounts.

TWC provides investment management services as the sponsor and/or manager of the TWC Wrap Program. TWC primarily allocates Client assets among various individual debt and equity securities, mutual funds, exchange-traded funds (“ETFs”), structured products, options, alternative investments and Independent Managers in accordance with Clients’ stated investment objectives, risk profile and financial condition. The Firm sponsors the TWC Wrap Fee Program solely as a supplemental disclosure regarding the combination of fees, which in addition to securities transaction fees, includes, custodial costs, certain mutual fund redemption fees, SEC exchange process fees, administrative fees, trade away transaction, and other fees and expenses (herein “Covered Costs”) together with its investment advisory fees.

Advisory services provided by TWC are offered in a Wrap Fee Program structure whereby Covered Costs are included in the overall investment advisory fee paid to TWC. As the level of activity in a Client’s account[s] may vary from year to year, the annual cost to the Client may be more or less than engaging for advisory services where the Covered Costs are borne separately by the Client. The cost of the Wrap Fee Program varies depending on services to be provided to each Client, however, the Client is not charged more if there is higher trading activity in the Client’s account[s]. A Wrap Fee Program structure presents a conflict of interest as the Firm has an incentive to limit the number of trades placed in the Client’s account[s] or to utilize securities that do not have transaction fees. The Firm’s recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client’s account, provided that the account meets the terms and conditions of the Custodian’s brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. As such, the Firm is incentivized to utilize ETFs and other equity securities to limit the overall cost to the Firm. TWC will only place Client assets into a Wrap Fee Program when it is believed to be in the Client’s best interest.

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Prior to receiving services through the Program, Clients are required to enter into a written agreement with TWC setting forth the relevant terms and conditions of the advisory relationship (the “Agreement”). Clients must also open a new securities brokerage account and complete a new account agreement with an unaffiliated Custodian. This includes Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (“Schwab”), which is a FINRA-registered broker-dealer and member of SIPC and a “Qualified Custodian” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940 (“Advisers Act”). Each Custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed by TWC. If your accounts are custodied at Schwab, Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to.

Accounts managed through the TWC Wrap Program are done so in substantially the same manner as those managed under a non-wrap arrangement.

### Fees

#### The Program Fee

TWC charges an annual Program Fee, which includes Covered Costs together with investment advisory fees, based on the value of the assets in the Program that is agreed upon with each Client and set forth in an agreement executed by TWC and the Client. TWC’s Program Fee is negotiable and varies based on several factors, including, but not limited to, the size of the relationship, the nature and complexity of the products and investments involved, time commitments and travel requirements. If based on a percentage of the value of assets under management, the fee generally ranges between .45% and 1.50% annually of the value of the assets under management. The Program Fee for the initial month is payable on a pro rata basis, in arrears, based on the period ending value of the net billable assets under management. For subsequent months, the Program Fee generally is payable in advance (except for services to participant-directed 401k plans, which generally are payable in arrears), based on the average daily net billable asset value of the Client’s accounts through the last day of the previous month as provided by third-party sources such as pricing services, Custodians, fund administrators, and Client-provided sources.

The Client may make additions or withdrawals from the account[s] at any time, subject to the Firm’s right to terminate an account or the overall relationship. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client’s account[s]. Clients may withdraw account assets on notice to TWC, subject to the usual and customary securities settlement procedures. However, the Firm typically designs its investment portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client’s investment objectives. TWC may consult the Client about certain implications such transactions. Clients are advised that when such securities are liquidated, they may be subject to securities transaction fees, short-term redemption fees, and/or tax ramifications.

The number of transactions made in Clients’ accounts, the size of the accounts, and the securities used to construct a portfolio, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Participants in the Program may pay a higher or lower aggregate fee than if investment management and brokerage services are purchased separately. TWC does not charge its Clients higher

advisory fees based on their trading activity, but Clients should be aware that TWC may have an incentive to limit its trading activities in Client accounts because TWC is charged for executed trades.

#### Cash Positions

At any specific point in time, depending upon perceived or anticipated market conditions or events (there being no guarantee that such anticipated market conditions/events will occur), TWC may maintain cash positions for defensive or other purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Program Fee.

#### Additional fees and expenses

As noted above, the Wrap Fee Program includes Covered Costs incurred in connection with investment advisory services provided by TWC. All fees paid to TWC for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of TWC, but would not receive the services provided by TWC which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by TWC to fully understand the total fees to be paid.

Additionally, fees related to the use of Independent Managers, Client-directed trades and account activity, such as electronic funds and wire transfers fees, certificate delivery fees, markups and markdowns, bid-ask spreads, selling concessions, and other miscellaneous fees and expenses as outlined in the account opening paperwork executed with the Custodian, are generally charged back to the Client. The Firm does not control nor share in these fees. The Client should review all fees charged by the fund[s], third parties and TWC to fully understand the total fees to be paid. Please see Item 5.C – Other Fees and Expenses in the Disclosure Brochure.

#### Payment of Fees

TWC generally deducts its Program Fee from a Client's investment account(s) held at his/her Custodian. Upon engaging TWC to manage such account(s), a Client grants TWC this limited authority through a written instruction to the Custodian of his/her account(s).

#### Compensation for Recommending the Program

TWC does not have any arrangements where it receives an economic benefit from a third party for recommending the Program.

### **Item 5 – Account Requirements and Types of Clients**

TWC offers investment advisory services to individuals, including high net worth individuals, families, family offices, trusts, businesses, charitable foundations, and retirement/profit-sharing plans.

Accounts in the Program may be subject to a minimum annual Program Fee at the discretion of TWC management. Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than TWC. In such instances, TWC may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

#### **Item 6 – Portfolio Manager Selection and Evaluation**

TWC currently acts as a portfolio manager for the Program. However, TWC does not receive fees for its investment management services that are in addition to the Program Fee.

TWC may recommend that Clients authorize active discretionary management of all or a portion of their assets designated to the Program by certain Independent Managers in addition to the utilization, where appropriate, of passive investment vehicles. To the extent applicable, TWC may recommend or select Independent Managers consistent with the Client's investment objectives. Factors which TWC considers in recommending or selecting Independent Managers include the Client's stated investment objective(s), risk profile and financial condition and the Independent Manager's management style, performance, reputation, financial strength, and the results of TWC's research.

TWC does not independently validate the performance of Independent Managers.

#### *Other Advisory Business Services*

TWC offers a variety of advisory services, which include financial planning, institutional consulting, and investment management services. TWC tailors its advisory services to meet the needs of its individual Clients and seeks to manage Client portfolios in a manner consistent with those needs and objectives. TWC consults with Clients on an initial and periodic basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to inform TWC of any changes to their investment objectives, risk tolerance or financial circumstances.

#### *Methods of Analysis, Investment Strategies*

Please see Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss of the Disclosure Brochure for details on the research and analysis methods employed by TWC.

#### **Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. TWC will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's

account[s]. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. TWC and its Advisory Persons shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform TWC of any changes in financial condition, goals or other factors that may affect this analysis.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the TWC. Please see Item 8.B. – Risk of Loss in the Disclosure Brochure for details on investment risks.

### **Voting Client Securities**

Unless the Client directs otherwise in writing, TWC is responsible for voting Client proxies. However, assets allocated to Independent Managers shall be voted by the Independent Manager.

The Client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.

TWC understands its duty to vote Client proxies and to do so in the best interest of its Clients. Furthermore, it is understood that any material conflicts between the TWC's interests and those of our Clients with regard to proxy voting must be resolved before proxies are voted. TWC subscribes to a proxy monitor and voting agent service offered by Broadridge ProxyEdge ("Broadridge"). Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our CCO.

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

Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a Client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. TWC's fees are calculated as described in Item 5 above. TWC does not charge performance-based fees or participate in side by side management.

### **Item 7 – Client Information Provided to Portfolio Managers**

TWC strives to provide investment advisory services specific to needs of each Client. Prior to providing investment advisory services, an investment advisor representative will discuss with each Client, their investment objective(s). TWC then allocates each Client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose reasonable restrictions, in writing, on TWC's services.

It remains the responsibility of each Client to advise TWC if there is ever any change in their financial situation or investment objectives.



Clients participating in the Program generally grant TWC the authority to discuss certain non-public information with the Independent Managers engaged to manage their accounts. Depending on the specific arrangement, the Firm may be authorized to disclose various personal information including, but not limited to: names, phone numbers, addresses, social security numbers, tax identification numbers, and account numbers. TWC may also share certain information related to its Clients' financial positions and investment objectives in an effort to ensure that the Independent Managers' investment decisions remain aligned with the Firm's Clients' best interests. This information is communicated as necessary for the management of its Clients' portfolios.

#### **Item 8 - Client Contact with Portfolio Managers**

Clients have reasonable access to the Program's portfolio managers.

#### **Item 9 – Additional information**

##### **A. Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of TWC and the integrity of TWC's management. TWC has no information applicable to this Item.

##### **B. Other Financial Industry Activities and Affiliations**

###### **Licensed Insurance Agents**

Eric Schwartz is also licensed as an independent insurance professional. As an independent insurance professional, Mr. Schwartz may earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Insurance commissions earned by Mr. Schwartz are separate and in addition to TWC's advisory fees. This practice presents a conflict of interest because a person providing investment advice on behalf of the Firm who is also an insurance agent has an incentive to recommend insurance products to Clients for the purpose of generating commissions rather than solely based on Client needs. However, Clients are under no obligation, contractually or otherwise, to purchase insurance products through Mr. Schwartz.

###### **Registrations with Broker-Dealer**

Certain Firm representatives who provide investment advice to Clients (our "Advisory Persons") may also be registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a FINRA-registered broker-dealer and member of SIPC.

A Firm Advisory Person who is a registered representative of PKS may implement securities transactions on a commission basis through PKS. In such instances, the Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, as well as a share of any ongoing distribution or service (trail) fees, including 12b-1 fees for the sale of investment company products. Clients who are invested in mutual funds which pay 12b-1 fees will pay more in expenses and likely will have lower returns than Clients who are invested in mutual funds that have similar investment strategies and holdings, but do not pay 12b-1 fees. Compensation earned by the Advisory Person in his or

her capacity as a registered representative is separate from and in addition to TWC's Program Fee. The receipt of such compensation by an advisory person presents a conflict of interest as an advisory person who is a registered representative may have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on Client needs. To mitigate these conflicts, Clients are under no obligation to purchase securities products through PKS or Firm Advisory Persons who are registered representatives or otherwise engage such persons and may choose brokers or agents not affiliated with TWC or PKS. Further, TWC will not charge an ongoing investment advisory fee on assets purchased by a Client through an Advisory Person acting in their capacity as a registered representative.

### **C. Code of Ethics, Participation or Interest in Client Transactions**

#### **Description of Code of Ethics**

TWC has a Code of Ethics (the "Code"), which requires TWC's employees ("Supervised Persons") to comply with their legal obligations and fulfill the fiduciary duties owed to the Firm's Clients. Among other things, the Code of Ethics sets forth policies and procedures related to conflicts of interest, outside business activities, gifts and entertainment, compliance with insider trading laws and policies and procedures governing personal securities trading by Supervised Persons.

Personal securities transactions of Supervised Persons present potential conflicts of interest with the price obtained in Client securities transactions or the investment opportunity available to Clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a Client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to TWC for review by the Firm's Chief Compliance Officer. The Code also requires Supervised Persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

TWC will provide a copy of the Firm's Code of Ethics to any Client or prospective Client upon request.

### **D. Receipt of Economic Benefit**

TWC generally recommends that its investment management Clients utilize the custody and brokerage services of an unaffiliated Custodian with which TWC has an institutional relationship. Currently, this includes Schwab. In deciding to recommend Schwab, some of the factors that TWC considers include:

- Trade order execution and the ability to provide accurate and timely execution of trades;
- The reasonableness and competitiveness of commissions and other transaction costs;
- Access to a broad range of investment products;
- Access to trading desks;
- Technology that integrates within TWC's environment, including interfacing with TWC's portfolio management system;
- A dedicated service or back office team and its ability to process requests from TWC on behalf of its Clients;
- Ability to provide TWC with access to Client account information through an institutional website; and

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- Ability to provide Clients with electronic access to account information and investment and research tools.

TWC generally places portfolio transactions through the Custodian where the Clients' accounts are custodied. In exchange for using the services of the Custodian, TWC may receive, without cost, computer software and related systems support that allows TWC to monitor and service its Clients' accounts maintained with such Custodian.

Products and Services Available to the Firm from Schwab. Schwab Advisor Services is Schwab's business serving independent investment advisory firms like Paradigm. Schwab Advisor Services provide the Firm's Clients and the Firm with access to its institutional brokerage trading, custody and reporting and related services – many of which are not available typically to Schwab retail customers. Schwab also makes available to the Firm various support services, some of which help the Firm manage or administer Clients accounts while others help the Firm manage and grow the business.

Clients benefit from Schwab's institutional brokerage services, which include access to a broad range of investment products, execution of securities transactions, and custody of Clients assets. The investment products available through Schwab include some to which the Firm might not otherwise have access or that would require a significantly higher minimum investment by Clients.

Schwab also makes available to the Firm products and services that benefit the Firm but may not directly benefit the Client or the Client's account. These products and services assist us in managing and administering Client accounts. They include investment research, both Schwab's own and that of third parties. TWC may use this research to service all or some substantial number of Client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to Client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple Client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our Clients' accounts; and
- assists with back-office functions, recordkeeping, and Client reporting.

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

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Firm. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide the Firm with other benefits such as occasional business entertainment of Firm personnel.

TWC may offer certain qualified Clients trading services which gives TWC the ability to execute trades through other broker-dealers when placing securities transactions on behalf of Clients with assets custodied at a Custodian. In such instances where TWC trades away from a Custodian, the account will incur a trade-away fee from a Custodian for each transaction that is executed on a trade-away basis. The fee is separate from the commission/transaction fee or mark-up/mark-down imposed by the broker-dealer through which the trade was executed.

Trading away may be advantageous for the Client because:

- the broker-dealer may have expertise in a particular security or market;
- the broker-dealer makes a market in a particular security;
- a particular security is thinly traded; or
- the broker-dealer can identify a counter-party for a trade.

A Client may pay higher net execution costs than he/she would have paid if the transaction were placed through the Custodian holding his or her assets.

TWC will periodically review its arrangements with Custodian and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its Clients. TWC maintains a list of broker-dealers that have been approved for trading Clients' assets away from a Custodian. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or

services incidental to executing securities trades, including clearance, settlement and custody; and

- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for Client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

As described above, Schwab provides to TWC, without cost, research and trade execution services. Schwab makes these services available to similarly situated investment advisers whose Clients custody their assets with Schwab. Access to research and trade execution services is not predicated on the execution of Client securities transactions (e.g., not "soft dollars.") TWC has not entered into any formal "soft dollar" arrangements with broker-dealers.

TWC's Clients may utilize qualified Custodians other than Schwab for certain accounts and assets, particularly where Clients have a previous relationship with such qualified Custodians.

#### **E. Review of Accounts**

Investments in Client accounts are monitored on a regular and continuous basis by Advisory Persons of TWC under the supervision of the Chief Compliance Officer ("CCO"). Details of the review policies and practices are provided in Item 13 of the Disclosure Brochure.

#### **F. Client Referrals and Other Compensation**

Compensation to non-Supervised Persons for Client Referrals

TWC does not currently have referral arrangements with solicitors but may in the future enter into referral arrangements with unaffiliated individuals who may from time-to-time refer potential investors to TWC for investment management services and be compensated for successful referrals by receiving a percentage of the advisory fee TWC receives from such Clients. Any such arrangements must be in compliance with Rule 206(4)-3 of the Advisers Act.

#### **G. Financial Information**

Neither TWC, nor its management has any adverse financial situations that would reasonably impair the ability of TWC to meet all obligations to its Clients. Neither TWC, nor any of its Advisory Persons, has been subject to a bankruptcy or financial compromise. TWC is not required to deliver a balance sheet along with this Disclosure Brochure, as the firm does not collect advance fees of \$1,200 or more for services to be performed six months or more in advance. Please see Item 18 of the Disclosure Brochure.