

**TRANSCEND WEALTH COLLECTIVE, LLC**

**FORM ADV PART 2A DISCLOSURE BROCHURE**

**Effective 4.8.21**

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This Form ADV 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Transcend Wealth Collective, LLC (“TWC”). If you have any questions regarding the contents of this Disclosure 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 Disclosure 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 adviser with the U.S. Securities and Exchange Commission (“SEC”). Registration with the 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.

April 8, 2021

## **Item 2 – Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their Disclosure Brochure when information becomes materially inaccurate. If there are any material changes to an adviser's Disclosure Brochure, the adviser is required to notify you and provide you with a description of the material changes.

### *Material Changes*

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- TWC is deemed to have custody of client funds and as a result has engaged with Ashland Partners, an independent PCAOB accounting firm to perform annual surprise custody examinations. Please see Item 15 for additional information.
- TWC has established an institutional relationship with Fidelity Clearing & Custody Solutions and related entities of Fidelity Investments, Inc. Please see Items 12 and 14 for additional information.

### *Future Changes*

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure 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 Disclosure 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 Disclosure 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 - Advisory Business**

### **A. Description of the Advisory Firm**

Transcend Wealth Collective, LLC (“TWC” or the “Firm”) is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). The Firm is organized as a Limited Liability Company under the laws of the State of Delaware. The Firm was founded in October 2018. TWC is a wholly-owned subsidiary of Transcend Wealth Collective Holdings, LLC. The managing members of Transcend Wealth Collective Holdings, LLC are James M. Didden Jr., Duncan Niederauer, James P. Hughes, Mark L. Lichtenfeld, and Eric R. Schwartz.

For additional information on TWC or this Disclosure Brochure, please contact James Hughes, Chief Operating Officer and Chief Compliance Officer.

### **B. Types of Advisory Services**

TWC provides holistic and personalized financial planning and discretionary and non-discretionary investment advisory services to individuals, including high net worth individuals, and entities, including, but not limited to, family offices, trusts, estates, retirement plans and profit-sharing plans, and private foundations (each referred to as a “client”).

TWC serves as a fiduciary to clients, as defined under the applicable laws and regulations. As a fiduciary, the Firm upholds a duty of loyalty, fairness and good faith towards each client and seeks to mitigate conflicts of interest. Our fiduciary commitment is further described in our Code of Ethics. For more information regarding our Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### *Investment Management Services*

In designing and implementing customized models and portfolio strategies, TWC can manage, on a discretionary or non-discretionary basis, a broad range of investment strategies and vehicles, primarily as the sponsor and manager of the Transcend Wealth Collective Wrap Program (the “TWC Wrap Fee Program”), an arrangement where the client pays a single fee (the “Program Fee”) based on a percentage of the client’s assets under management, for TWC’s investment advice, custody and commissions for securities transactions executed at a designated custodian. TWC primarily allocates client assets among various individual debt and equity securities, mutual funds, exchange-traded funds (“ETFs”), structured products, options, and alternative investments in accordance with clients’ stated investment objectives, risk profile and financial condition.

TWC will select, recommend and/or retain mutual funds on a fund-by-fund basis. Due to specific custodial and/or mutual fund company constraints, material tax consideration, and/or systematic investment plans, the Firm will select, recommend and/or retain a mutual fund share class that does not have trading costs, but do have higher internal expense ratios than institutional share classes. TWC will seek to select the lowest cost share class available that is in the best interest of each client and will ensure the selection aligns with the client’s financial objectives and stated investment guidelines. In addition, TWC may also recommend that certain clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, and a “qualified purchaser” as that term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, invest in affiliated and unaffiliated privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Investing in affiliated products may present a conflict of interest as management persons may benefit financially from additional

revenue. Clients will be provided with a conflict disclosure statement. Additionally, clients are under no obligation to invest in affiliated products.

*Use of Independent Managers* - TWC may recommend to clients that all or a portion of their investment portfolio be implemented by utilizing one or more unaffiliated money managers or investment platforms (collectively “Independent Managers”). Independent Managers may be sourced directly or accessed through an investment management platform or directly engaged by TWC. The client will be required to enter into a separate agreement with the Independent Manager[s]. Please see Item 10 – Other Financial Industry Activities and Affiliations for additional information.

TWC serves as the client’s primary adviser and relationship manager. However, the Independent Manager[s] will assume discretionary authority for the day-to-day investment management of those assets placed in their control. TWC will assist and advise the client in establishing investment objectives for their account[s], the selection of the Independent Manager[s], and defining any restrictions on the account[s]. TWC will continue to provide oversight of the client’s account[s] and ongoing monitoring of the activities of these unaffiliated parties. The Independent Manager[s] will implement the selected investment strategies based on their investment mandates. The client may be able to impose reasonable investment restrictions on these accounts, subject to the acceptance of these third parties. TWC does not receive any compensation from these Independent Managers, other than its investment advisory fee, as described in Item 5 below.

All client assets will be managed within their designated account[s] at the custodian, pursuant to the terms of the investment advisory agreement. Please see Item 12 – Brokerage Practices.

#### *ERISA Services*

TWC provides discretionary, fiduciary and fiduciary advisory services to the sponsors of the defined contribution, defined benefit and non-qualified deferred compensation plans, who have ultimate authority to direct the investing and reinvesting of plan assets as they deem appropriate, considering each plan’s stated objective, liquidity needs, and stated policies and guidelines. Providing discretionary investment services to plans under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) means that the ERISA plan client retains and exercises the final decision-making authority for implementing or rejecting TWC’s recommendations. Certain of the foregoing services are provided by TWC as a fiduciary. To the extent a client’s plan is covered by ERISA, in accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of TWC fiduciary status, the specific services to be rendered and all direct and indirect compensation TWC reasonably expects under the engagement. When TWC provides investment advice for a fee to an ERISA plan or ERISA plan participant, it is a fiduciary under ERISA. In addition, TWC is a fiduciary under the Internal Revenue Code when it provides investment advice to an ERISA plan, ERISA plan participant, an IRA or an IRA owner (collectively, a “Retirement Account Client”). TWC is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from engaging in specified conflicts of interest.

#### *Financial Planning and Consulting Services*

TWC will typically provide a variety of comprehensive financial planning and consulting services to clients. Such engagements may be part of the investment management services or pursuant to a separate engagement. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation based on the client’s financial goals and objectives. This planning or consulting will encompass one or more areas of need, including, but not limited to cash flow analysis, investment planning, retirement planning, estate planning, personal savings, educational savings, and other areas of a client’s financial situation.

A financial plan developed for or financial consultation rendered to the client will typically include general recommendations for a course of activity or specific actions to be taken by the client. For example, recommendations may be made that the client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. TWC may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if TWC recommends its own services, as such a recommendation will increase the advisory fees paid to TWC. The client is under no obligation to act upon any of the recommendations made by TWC under a financial planning or consulting engagement to engage the services of any such recommended professional, including TWC itself.

### **C. Client-Tailored Advisory Services**

Financial counsel and investment advice is customized and tailored to the unique goals, objectives and needs of each client. The planning process begins with an in depth discovery of the client's goals, objectives, and attitudes. The goals and objectives for each client are documented in writing and approved by the client. The stated goals and objectives for each client are reflected in the client's overall recommended financial and investment program and advice that we provide on an ongoing basis.

### **D. Wrap Fee Program**

As noted above, TWC is the sponsor and manager of the TWC Wrap Fee Program. When deemed to be in the client's best interest, TWC includes securities transaction fees together with its investment advisory fees. Including these fees into a single asset-based fee is considered a "Wrap Fee Program". The Firm customizes its investment management services for its clients. 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. Depending on the level of trading required for the Client's account[s] in a particular year, clients may pay a higher or lower aggregate fee than if investment management and brokerage services were purchased separately. Please see Appendix 1 of TWC's Disclosure Brochure, which may be requested by calling James Hughes at (973) 370-3203.

### **E. Assets Under Management**

As of December 31, 2020, TWC manages \$2,050,582,486 in client assets, \$1,795,332,761 of which are managed on a discretionary basis and \$255,249,725 on a non-discretionary basis. Clients may request more current information at any time by contacting the Firm.

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

### **A. Fees for Advisory Services**

#### *Investment Management Services*

TWC charges an annual advisory fee that is agreed upon with each client and set forth in an agreement executed by TWC and the client. TWC's fee for investment advisory services 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. If based on a percentage of assets under management, the advisory

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 advisory 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.

If fixed, the advisory 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 fixed fee generally is payable in advance, 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.

#### *Use of Independent Managers*

As noted in Item 4, the Firm will implement all or a portion of a client's investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Firm does not earn any compensation from an Independent Manager. The Firm will only earn its investment advisory fee as described above. Independent Managers typically do not offer any fee discounts but may have a breakpoint schedule which will reduce the fee with an increased level of assets placed under management with an Independent Manager. The terms of such fee arrangements are included in the Independent Manager's disclosure brochure and applicable contract[s] with the Independent Manager. The total blended fee, including the Firm's fee and the Independent Manager's fee, will not exceed 2.00% annually.

#### *Financial Planning and Consulting Services*

TWC offers its clients financial planning services. Such services, for some clients, may be included as part of the annual advisory fee for investment management. Clients may also enter into a separate agreement with TWC for financial planning services. Fees for services performed pursuant to such separate agreements for financial services are negotiable and are based on either an hourly rate that varies, depending on the experience, knowledge, and skill of those performing the services on behalf of TWC, or a flat fee agreed upon in writing by TWC and the client.

The hourly rate for ad-hoc and project-based consultations for clients varies depending on the services provided and the experience, knowledge, and skill of those performing the services on behalf of TWC. Hourly rates will generally range from \$250 to \$750 per hour based on the scope of the engagement. The scope and charges of all hourly ad-hoc work must be agreed-upon in writing by TWC and the client before any billing begins.

#### *ERISA Services*

Fees for ERISA services are charged an annual asset-based fee paid monthly pursuant to the terms of the retirement plan advisory agreement. The advisory fee for the initial month shall be paid on a pro rata basis, in arrears, based on the period ending value of the net billable assets under management. For subsequent months, the advisory 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.



**B. Payment of Fees***Investment Management Services*

TWC generally deducts its advisory 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). The client is responsible to verify the accuracy of the calculation of the advisory fee; the custodian will not determine whether the fee is accurate or properly calculated. The fee generally is billed in advance on a monthly basis, as described above in Item 5(A). A client may utilize the same procedure for the payment of financial planning or consulting fees in arrears or in advance if the client has investment accounts held at a custodian.

Although clients generally are required to have their investment advisory fees deducted from their accounts, in some cases, TWC will directly bill a client for investment advisory fees if it determines that such billing arrangement is appropriate given the circumstances.

The custodian of the client's accounts provides each client with a statement, at least quarterly, indicating separate line items for all amounts disbursed from the client's account(s), including any fees paid directly to TWC.

Clients may make additions to and withdrawals from their account at any time, subject to TWC's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets at any time on notice to TWC, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. TWC may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

*Use of Independent Managers*

For client accounts implemented through an Independent Manager, the client's overall fees may include TWC's investment advisory fee (as noted above) plus investment management fees and/or platform fees charged by the Independent Manager[s], as applicable. In certain instances, the Independent Manager or the Firm may assume responsibility for calculating the client's fees and deduct all fees from the client's account[s].

*Financial Planning Services*

Financial planning fees may be invoiced up to one hundred percent (100%) of the total fee at the time the client enters into the financial planning agreement. TWC will not collect an advance fee of \$1,200 or more for services that will take six (6) months or more to complete.

*ERISA Services*

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### **C. Clients Responsible for Fees Charged by Financial Institutions and Independent Money Managers**

In connection with TWC's management of an account, a client will incur fees and/or expenses separate from and in addition to TWC's advisory fee. 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. Please refer to Item 12 – Brokerage Practices for additional information.

Additionally, fees related to the use of Independent Managers, 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. Please see Appendix 1 – Wrap Fee Program Brochure.

For Independent Managers, clients should review each manager's Form ADV 2A Disclosure Brochure and any contract they sign with the Independent Manager (in a dual contract relationship). The client is responsible for all such fees and expenses. Please see Item 12 of this Disclosure Brochure regarding brokerage practices

### **D. Prepayment of Fees**

#### *Investment Management Services*

TWC's advisory fees generally are paid in advance. Clients have five (5) business days from the date of execution of the client agreement to terminate TWC's services. The investment advisory agreement between TWC and the client may be terminated at will by either TWC or the client upon written notice. TWC does not impose termination fees when the client terminates the investment advisory relationship, except when agreed upon in advance. Upon the termination of a client's advisory relationship, TWC will issue a refund equal to any unearned management fee for the remainder of the month. The client may specify how he/she would like such refund issued (i.e., a check sent directly to the client or a check sent to the client's custodian for deposit into his/her account). The client's investment advisory agreement with TWC is non-transferable without the client's prior consent.

#### *Use of Independent Managers*

In the event that the Firm has determined that an Independent Manager is no longer in the client's best interest or a client should wish to terminate their relationship with the Independent Manager, the terms for the termination will be set forth in the respective agreements between the client or the Firm and the Independent Manager. TWC will assist the client with the termination and transition as appropriate.

*Financial Planning Services*

TWC may require an advanced deposit as described above. The financial planning agreement between TWC and the client may be terminated at will by either TWC or the client. Clients also have five (5) business days from the date of execution of the client agreement to terminate TWC's services. The client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Upon termination, the client shall be billed for actual hours logged on the planning project times the contractual hourly rate or in the case of a fixed fee engagement, the percentage of the engagement scope completed by the Firm. Upon termination, the Firm will promptly refund any unearned, prepaid planning fees. The client's financial planning agreement with the Firm is non-transferable without the client's prior consent.

*ERISA Services*

TWC is compensated for its retirement plan advisory services at the end of the quarter after advisory services are rendered. The retirement plan advisory agreement between TWC and the client may be terminated at will by either TWC or the client. Clients also have five (5) business days from the date of execution of the client agreement to terminate TWC's services. The client shall be responsible for investment advisory fees up to and including the effective date of termination. The client's retirement plan services agreement with the Firm is non-transferable without the client's prior consent.

**E. Outside Compensation for the Sale of Securities or Other Investment Products to Clients**

TWC does not buy or sell securities and does not receive any compensation for securities transactions in any client account, other than the investment advisory fees noted above.

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

Certain Advisory Person who are registered representatives 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 advisory fee. The receipt of such compensation by an Advisory Person presents a conflict of interest as an Advisory Person who is a registered representative will 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.

Certain Advisory Persons are also licensed as independent insurance professionals. As an independent insurance professional, Advisory Persons will earn commission-based compensation for selling insurance products, including insurance products they sell to clients. Insurance commissions earned by Advisory Persons 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 Advisory Persons.

### **Item 6 - 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[s]. 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.

Although the Advisor does not charge performance-based fees, certain advisory affiliates receive carried interest allocations from investments into proprietary products. Please see Item 10 – Other Financial Industry Activities and Affiliations for additional information.

### **Item 7 - 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. The amount of each type of client is available on TWC's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Firm.

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

#### **A. Methods of Analysis and Risk of Loss**

Overall investment strategies recommended to each client generally emphasize long-term ownership of a diversified portfolio of marketable and non-marketable investments intended to provide superior after-tax, inflation-adjusted, economic returns. TWC generally recommends broad diversification via a long-term asset allocation strategy -- diversified both across asset classes and within asset classes -- in an effort to improve the risk and return potential of client portfolios. More specifically, we may recommend multiple asset classes (both liquid and illiquid), market capitalizations, market styles, and geographic regions to provide diversification.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence TWC's investment recommendations.

Each portfolio maintains a long-term target asset allocation. At each periodic review, TWC reviews with the client the extent to which the actual allocation matches the target allocation. When we consider the variance excessive, the advisor will provide recommendations to the client to bring the actual allocation within an acceptable range of the target. This process, known as "rebalancing," offers a systematic and disciplined way to trim investment classes that have been in favor and redeploy capital to assets classes that have been out of favor.

Investment advice given to clients more often than not includes recommending long term purchases or holding on to certain assets. However, other investment strategies that may also be recommended include short-term purchases, margin transactions, and options (including buying puts or selling covered calls).

Marketable asset classes recommended by TWC primarily include equities, corporate, U.S. government and municipal debt securities, no-load mutual funds and exchange-traded funds (“ETFs”). Investment recommendations may also include: warrants, commercial paper, certificates of deposit, options contracts, and interests in limited partnerships. Mutual fund and ETF recommendations are developed with the objective of selecting a well-diversified fund, or group of funds, with appropriate historical performance, at a level of volatility (risk) determined to be appropriate for each client. Recommendations of investment vehicles are made based on data provided by various sources of third-party research and analytics.

TWC may also recommend third-party sponsored private investment vehicles that are not available to the broad public. These private investment vehicles may include diversified hedge funds, private investment real estate funds, diversified leveraged buyout fund of funds, distressed opportunities and special situations fund of funds, venture capital fund of funds, and tax-sensitive inflation hedges.

Neither TWC nor any of its owners or employees, receives any compensation or fee sharing from recommending any of these third party private investment vehicles or their investment managers. Virtually every private investment vehicle is unique and requires a careful evaluation of the specific structure of the fund, management team’s experience, and operational risks. The most important source of information for TWC’s evaluation of a private investment vehicle is the private placement memorandum and the other offering documents prepared by the private investment vehicle’s management. The evaluation of privately negotiated investments and limited partnerships of all varieties is developed on the basis of an in-depth, fundamental evaluation of the business, management, markets, risks, liquidity, tax considerations and other factors affecting the economic and investment viability of each individual venture.

TWC may also advise clients who are corporate officers or employees on the merits of diversifying large holdings of shares of the corporation’s stock and on other forms of compensation which may be payable in the corporation’s stock.

TWC relies on various third-parties including investment research organizations, consultants, appraisers, accountants, and lawyers as necessary for specialized assistance.

TWC does not represent, imply or guarantee that the services or methods of analysis used by TWC to make investment recommendations can or will produce successful results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or crashes. No guarantees can be offered that a client’s goals or objectives will be achieved. Past performance is not an indication or guarantee of future results. Clients are advised that the recommendations offered by TWC are not legal or tax advice. Clients are advised to promptly notify TWC with respect to any changes in their financial situation and/or financial goals and objectives. Failure to do so could result in our recommendations not meeting the objectives and/or needs of the client.

## **B. Material Risks Involved**

The mutual funds, ETFs and Independent Managers that the Firm frequently invests client assets with or recommends to clients generally own securities and therefore also involve the risk of loss that is inherent in investing in securities. The extent of the risk of ownership of fund shares generally depends on the type and number of securities held by the fund. Mutual funds invested in fixed income securities are subject to the same interest rate, inflation, and credit risks associated with the fund’s underlying bond holdings. Fixed income securities may decrease in value as a result of many factors, for example, increases in interest rates or adverse developments with respect to the creditworthiness of the issuer. Risks also may be significantly increased if a mutual fund pursues an alternative investment strategy. An investment in an alternative mutual fund involves special risks such as risk associated with short sales, leveraging the investment, potential adverse market forces, regulatory changes, and potential illiquidity. Investing in

alternative strategies presents the opportunity for significant losses. Returns on mutual fund investments are reduced by management costs and expenses.

An ETF's risks include declining value of the securities held by the ETF, adverse developments in the specific industry or sector that the ETF tracks, capital loss in geographically focused funds because of unfavorable fluctuation in currency exchange rates, differences in generally accepted accounting principles, or economic or political instability, tracking error, which is the difference between the return of the ETF and the return of its benchmark and trading at a premium or discount, meaning the difference between the ETF's market price and NAV. ETFs also are subject to the individual risks described in their prospectus. Although many mutual funds and ETFs may provide diversification, risks can be significantly increased if a mutual fund or ETF is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage to a significant degree, or concentrates in a particular type of security. One of the main advantages of mutual funds and ETFs is that they give individual investors access to professionally managed, diversified portfolios of equities, bonds and other securities.

Although the goal of diversification is to combine investments with different characteristics so that the risks inherent in any one investment can be balanced by assets that move in different cycles or respond to different market factors, diversification does not eliminate the risk of loss. In some circumstances, price movements may be highly correlated across securities and funds. A specific fund may not be diversified, and a client portfolio may not be diversified. Additionally, when diversification is a client objective, there is risk that the strategies that the Firm uses may not be successful in achieving the desired level of diversification. There is also risk that the strategies, resources, and analytical methods that the Firm uses to identify mutual funds and ETFs will not be successful in identifying investment opportunities.

The following events also could cause mutual funds, ETFs, equities and fixed income securities, private investment vehicles and other investments managed for clients, as well as those managed by Independent Managers, to decrease in value:

- **Market Risk:** The price of an equity security, bond, or mutual fund or ETF may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's or fund's particular underlying circumstances. For example, changes in political, economic and social conditions may trigger adverse market events.
- **ETF Risks:** The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.
- **Mutual Fund Risks:** The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.
- **Margin Borrowings:** The use of short-term margin borrowings may result in certain additional risks to a client. For example, if securities pledged to brokers to secure a client's margin accounts

decline in value, the client could be subject to "margin calls", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

- Interest rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Event Risk: An adverse event affecting a particular company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The company, government or other entity that issued bonds in a client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency. Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.
- Liquidity Risk: Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.
- Leverage Risk: The use of leverage may lead to increased volatility of a fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the fund's portfolio, which may lead to increased market price declines. There is no assurance that a leveraging strategy will be successful.
- Domestic and/or Foreign Political Risk: The events that occur in the U.S. relating to politics, government, and elections can affect the U.S. markets. Political events occurring in the home country of a foreign company such as revolutions, nationalization, and currency collapse can have an impact on the security.
- Inflation Risk: Countries around the globe may be more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits reflecting its underlying health.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This risk is that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Operational Risk: Fund advisors and other ETF service providers may experience disruptions or operating errors such as processing errors or human errors, inadequate or failed internal or external processes, or systems or technology failures, that could negatively impact the ETF.
- Regulatory/Legislative Developments Risk: Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could affect the value associated with such investment transactions or underlying securities.

- Alternative Investments: Investments in alternative assets, such as hedge funds, private equity funds or credit funds, will involve significant risks and other considerations and, therefore, may be undertaken by prospective investors capable of evaluating and bearing such risks. Prospective investors should carefully consider, among other factors, the risk factors set forth in the offering documents for the alternative investment vehicle. As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that the alternative investment will meet their investment objectives or otherwise be able to successfully carry out their investment programs.
- Illiquid Securities: Investments in hedge funds and other private investment funds may underperform publicly offered and traded securities because such investments:
  - typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
  - Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds;
  - Are more difficult to monitor and value due to a lack of transparency and publicly available information about these funds;
  - May have higher expense ratios and involve more inherent conflicts of interest than publicly traded investments; and
  - Involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

*Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.* Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

### **Use of Independent Managers**

TWC will select certain Independent Managers to manage a portion of its clients' assets. In these situations, TWC conducts due diligence of such managers, but the success of such recommendations relies to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, TWC generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

### **Unusual Risks of Specific Securities**

#### *Risk Associated with Initial Public Offerings*

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some



companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the company's shares.

#### *Risks Associated with Closed-End Funds*

Closed-end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund investments include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.

#### *Risks Associated with Options Trading*

Investments in options contracts have the risk of losing value in a relatively short period of time. Options are investments whose ultimate value is determined from the value of the underlying investment. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

#### *Risks Associated with Structured Notes*

Complexity. Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with us.

Market risk. Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, or market volatility.

Issuance price and note value. The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.

**Liquidity.** The ability to trade or sell structured notes in a secondary market is often very limited as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on security exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

**Credit risk.** Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

### *Cybersecurity*

The computer systems, networks and devices used by TWC and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, human error, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## **Item 9 – Disciplinary Information**

There are no legal, regulatory or disciplinary events involving TWC or any of its Supervised Persons. TWC values the trust you place in us. As we advise all clients, we encourage you to perform the requisite due diligence on any advisor or service provider whom you partner. Our backgrounds are available on the 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.

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

### **Exempt Reporting Adviser and General Partner Affiliations**

Transcend Wealth Collective Capital, LLC serves as the holding company to Transcend Wealth Collective Investment Management, LLC, an Exempt Reporting Adviser relying on the Private Fund Adviser Exemption under rule 203(m)-1 of the Advisers Act, and other affiliated general partner subsidiaries (each a “General Partner” and collectively the “General Partners”). The General Partners have appointed

Transcend Wealth Collective Investment Management, LLC as the investment manager (herein the “Investment Manager”) to various pooled investment vehicles (the “Funds”).

The General Partners offer to third-party investors and Clients of TWC (collectively “Investors”) direct access to the Funds. The Investment Manager provides certain investment advisory, management, and administrative services to the Funds. In consideration for these services Investors in the Funds are subject to a management fee upon closing the Fund. Additionally, Investors may be charged carried interest allocations, which are typically deducted from investment proceeds that would otherwise be distributable to the Investors in the Funds. The manner of calculation and application of the management fee and the carried interest allocations are disclosed in the respective offering documents for the Funds. Finally, TWC will charge an advisory fee on any assets invested into the Funds.

Due to the affiliation between the Investment Manager, the General Partners and TWC, management persons may have a financial incentive to recommend that Clients invest into the Funds. However, prior to recommending an investment into the Funds, TWC will conduct appropriate due diligence to ensure the recommendation to a Client to invest aligns with the Client’s investment needs and objectives. In addition, TWC will provide additional disclosure information to each Client, which will include relevant details regarding material financial interests and compensation as it relates to the Funds. Finally, there is no requirement for TWC to recommend these Funds to Clients, nor are Clients obligated to invest into these Funds.

#### *Registrations with Broker-Dealer*

As noted in Item 5 above, certain Advisory Persons providing investment advice on behalf of TWC are registered representatives with PKS. See the *Fees and Compensation* section in this Disclosure Brochure for more information on the compensation received by registered representatives who are affiliated with the Firm.

#### *Insurance Agency Affiliations*

Certain Advisory Persons of TWC are also licensed insurance professionals and employees of Transcend Wealth Collective Insurance Services, LLC (“TWCIS”) a subsidiary of Transcend Wealth Collective Holdings, LLC, an insurance firm under common control with the Firm. TWCIS will provide its services to Clients of the Firm and clients of TWCIS. Transcend Wealth Collective Insurance Services, LLC will also be offered the advisory services of the Firm. Clients are not required to utilize the services provided by TWCIS. TWCIS and Advisory Person will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Advisory Persons are not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by an Advisory Person or the Firm.

#### *Use of Independent Managers*

As noted in Item 4, the Firm may implement all or a portion of a client’s investment portfolio with one or more Independent Managers. The Firm does not receive any compensation nor does this present a material conflict of interest. The Firm will only earn its investment advisory fee as described in Item 5.A.

**Item 11 – Code of Ethics, Participation or Interest in Client Transactions****A. 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 conflicts of interest related to the price obtained in client securities transactions or the investment opportunity available to clients. The Code addresses these 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 Code of Ethics to any client or prospective client upon request.

**Item 12 – Brokerage Practices****A. Factors Used to Select Custodians and/or Broker-Dealers**

The client will engage the broker-dealer/custodian (herein the “Custodian”) to safeguard client assets and authorize the Firm to direct trades to this Custodian as agreed upon in the investment advisory agreement.

TWC generally recommends that its investment management clients utilize the custody and brokerage services of an unaffiliated broker/dealer custodian as its Custodian with which TWC has an institutional relationship. Currently, this includes Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (“Schwab”) and Fidelity Clearing & Custody Solutions and related entities of Fidelity Investments, Inc. (collectively “Fidelity”), each 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 or Fidelity, Schwab or Fidelity will hold your assets in a brokerage account and buy and sell securities when we instruct them to.

In deciding to recommend Schwab or Fidelity, 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
- 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 will receive, without cost, computer software and related systems support that allows TWC to monitor and service its clients' accounts maintained with such custodian.

Soft Dollars. Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. TWC does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, TWC does receive certain economic benefits from Schwab and Fidelity. Please see Item 14 below.

Brokerage Referrals. TWC does not receive any compensation from any third party in connection with the recommendation for establishing an account.

Directed Brokerage. Clients are typically serviced on a "directed brokerage basis", where TWC will place trades within the established account[s] at the Custodian designated by the client, unless noted otherwise below. Further, all client accounts are traded within their respective account[s]. TWC will not engage in any principal transactions (i.e., trade of any security from or to TWC's own account) or cross transactions with other client accounts (i.e., purchase of a security into one client account from another client's account[s]). TWC will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

Trade-Away Arrangements. The client may also authorize the Firm to trade securities away from the Custodian and arrange for delivery of these securities to the client's account(s) at the Custodian or another custodian designated by the client. For such "trade-away" arrangements, the Custodian will charge a separate trade-away fee in addition to the securities commissions. These trade-away fees are in addition to any commissions and other brokerage fees charged by the executing broker-dealer.

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.

## **B. Trade Aggregation**

To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's Supervised Persons may invest, the Firm will generally do so in a fair and equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Firm.

## **Item 13 – Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

TWC monitors investment advisory portfolios as part of a continuous and ongoing process. TWC advisers aspire to meet quarterly with each client, and have at least one annual meeting with every client to conduct a formal review of each client's account. These reviews may include the following:

- compare the account's allocation with stated goals and client cash-flows at time of review;
- review holdings and consider alternatives;
- monitor the size of individual securities relevant to their sectors, asset classes, and overall account size;
- analyze an account's composition and performance, income, appreciation, gains/losses, and asset allocation; and
- assess its performance.

Factors that may trigger an additional review, other than a periodic review, include: material market, economic or political events, known significant changes in a client's financial situation and/or objectives, and large deposits or withdrawals from the accounts. Clients are encouraged to notify TWC if changes occur in the client's personal financial situation that might adversely affect the client's investment plan.

**B. Other Reviews**

TWC will perform compliance and/or supervisory reviews of a sampling of client accounts. These reviews will include comparing an account's strategy and/or allocation to the account's stated objectives, reviewing commission and transaction costs borne by the account, and reviewing the billing rate and charges.

**C. Content and Frequency of Regular Reports Provided to Clients**

Clients will receive brokerage statements no less than quarterly from the qualified custodian. These brokerage statements are sent directly from the custodian to the client. The client may also establish electronic access to the custodian's website so that the client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the client's account[s]. The Advisory Person may also provide clients with periodic reports regarding their holdings, allocations, and performance.

**Item 14 – Client Referrals and Other Compensation****A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients****Participation in Institutional Advisor Platform – Schwab**

TWC has established an institutional relationship with Schwab through its "Schwab Advisor Services" unit, a division of Schwab dedicated to serving independent advisory firms like TWC. As a registered investment advisor participating on the Schwab Advisor Services platform, TWC receives access to software and related support without cost because TWC renders investment management services to clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit TWC and many, but not all services provided by Schwab will benefit clients. In fulfilling its duties to its clients, TWC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits will influence TWC's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client's funds and securities. Through Schwab, TWC may be able to access certain investments and asset classes that the client would not be able to obtain directly or through other sources. Further, TWC may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the client were to directly access the investments.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts and other services. In addition, TWC receives duplicate statements for client accounts, the ability to deduct advisory fees, trading tools, and back office support services as part of its relationship with Schwab. These services are intended to assist TWC in effectively managing accounts for its clients, but may not directly benefit all clients.

*Services that May Only Benefit the Firm* – Schwab also offers other services and financial support to TWC that may not benefit the client, including: educational conferences and events, financial start-up support, consulting services and discounts for various service providers. Schwab has agreed to provide TWC with reimbursement of Transfer or Account Exit Fees. These funds will be used toward fees client accounts will bear if the accounts are transferred to Schwab. Additionally, Schwab has agreed to pay for certain services

rendered by third parties for which TWC would otherwise have to pay. This amount is covered once the value of client assets in accounts at Schwab reaches a certain size. Clients do not pay more for assets maintained at Schwab as a result of these arrangements. However, TWC does benefit from the arrangement because the cost of these services would otherwise be borne directly by TWC. Access to these services and financial support creates a financial incentive for TWC to recommend Schwab, which results in a conflict of interest. TWC believes, however, that the selection of Schwab as Custodian is in the best interests of its clients. Clients should consider these conflicts of interest when selecting a custodian.

#### Participation in Institutional Advisor Platform – Fidelity

TWC has established an institutional relationship with Fidelity to assist TWC in managing client account[s]. Access to the Fidelity Institutional platform is provided at no charge to TWC. TWC receives access to software and related support without cost because TWC renders investment management services to clients that maintain assets at Fidelity. The software and related systems support may benefit TWC, but not its clients directly. In fulfilling its duties to its clients, TWC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence TWC's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

Additionally, TWC may receive the following benefits from Fidelity: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Finally, Fidelity has also agreed to provide TWC with reimbursement of Transfer or Account Exit Fees. These funds will be used toward fees client accounts will bear if the accounts are transferred to Fidelity. However, TWC does benefit from the arrangement because the cost transition would otherwise be borne directly by TWC. Access to these services and financial support creates a financial incentive for TWC to recommend Fidelity, which results in a conflict of interest. TWC believes, however, that the selection of Fidelity as Custodian is in the best interests of its clients. Clients should consider these conflicts of interest when selecting a custodian.

### **B. 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.

### **Item 15 – Custody**

All clients must utilize a “qualified custodian” as detailed in Item 12. Clients are required to engage the custodian to retain their funds and securities and direct TWC to utilize the custodian for the client's securities transactions. TWC's agreement with clients and/or the clients' separate agreement with the Custodian will authorize TWC through such Custodian to debit the client's account for the amount of TWC's fee and to directly remit that fee to TWC in accordance with applicable custody rules.

The Custodian recommended by TWC Capital has agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees



paid directly to TWC. TWC encourages clients to review the official statements provided by the custodian, and to compare such statements with investment reports received from TWC. For more information about Custodians and brokerage practices, see Item 12, Brokerage Practices.

#### Custody

In certain instances, TWC is deemed to have custody due to ability to move money to a related party for capital calls into the Funds. As such, TWC is required to engage an independent accounting firm to perform an annual surprise examination of those assets and accounts over which TWC is deemed to maintain custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website (<http://adviserinfo.sec.gov>).

#### Related Person Custody

As noted in Item 10 above, TWC is affiliated, through common ownership, with the General Partners and Investment Manager to Funds, which may be offered to clients of TWC. As such, in connection with advisory services provided to clients, related persons are deemed to have custody of certain client assets invested into the Funds. An independent public accountant conducts an annual audit of the pooled investment vehicles that are managed by the related person and the audited financial statements are distributed to the investors in the pools within 120 days of fiscal year end.

### **Item 16 – Investment Discretion**

Clients have the option of providing TWC with investment discretion on their behalf, pursuant to a grant of a limited power of attorney contained in TWC's client agreement. By granting TWC investment discretion, a client authorizes TWC to direct securities transactions and determine which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Clients may impose reasonable limitations in the form of specific constraints on any of these areas of discretion with the consent and written acknowledgement of TWC. See also Item 4(C), Client-Tailored Advisory Services.

### **Item 17 – 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 TWC's written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our CCO.

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

#### **A. Balance Sheet**

TWC does not require prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore does not need to include a balance sheet with this Disclosure Brochure.

**B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither TWC nor its management has any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

**C. Bankruptcy Petitions in Previous Years**

TWC has not been the subject of a bankruptcy petition.