



## CLIENT BROCHURE

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*This brochure provides information about the qualifications and business practices of Transform Wealth, LLC, a registered investment advisor with the Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 303-741-2560 or via email directly to the Chief Compliance Officer at [markr@transformwealth.com](mailto:markr@transformwealth.com).*

*The information in this brochure has not been approved or verified by the SEC or by any state securities authority.*

*Additional information about Transform Wealth, LLC is also available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*The firm's CRD number is: 283403 and SEC number is: 801-107796*

Web site: [www.transformwealth.com](http://www.transformwealth.com)

March 28, 2023

## **ITEM 2: Material Changes**

Our most recent updated amendment was filed on October 24, 2022. We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC (“FTCS”). FTCS does not receive any compensation from such third-party institutions for serving our clients. Further information on this conflict of interest is available in Items 4, 5, and 10 of this Brochure.

On October 1, 2022, Transform Wealth acquired Strategic Capital Advisers, Inc. (SCA), an independent investment management firm based in Denver, Colorado.

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## **ITEM 4: Advisory Business**

### **A. Advisory Firm Description**

Transform Wealth, LLC (“Transform Wealth”), is a fee-only investment advisory firm. Transform Wealth has been providing advisory services (through it and its predecessor) since 2011. On October 1, 2022, Transform Wealth acquired Strategic Capital Advisers, Inc. (SCA).

Transform Wealth is a fee only, fiduciary advisor meaning we are required to act in your best interest and not place our own interests ahead of yours. Our commitment is to:

- Meet a professional and prudent standard of care when making investment recommendations;
- A duty of loyalty to never put our financial interests ahead of yours when making recommendations;
- Follow policies and procedures designed to ensure that we give you advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any un-waivable rights you possess.

Transform Wealth is managed by Nathan Kubik and David Kubik (“Transform Wealth Principals”), pursuant to a management agreement between C & K Management, LLC (“C&K”) and Transform Wealth. The Transform Wealth Principals serve as officers of Transform Wealth and are responsible for the management, supervision and oversight of Transform Wealth.

### **Focus Operating, LLC, Focus Financial Partners, LLC and Focus Financial Partners Inc.**

Transform Wealth is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, Transform Wealth is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc.

Focus LLC also owns other registered investment advisors, broker-dealers, pension consultants, insurance firms, business managers and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

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

Transform Wealth is a fee-only Registered Investment Advisory firm that offers Wealth Management, Financial Planning Services and Consultation Services.

Transform Wealth offers a complimentary initial consultation to discuss services available, to give a prospective Client the opportunity to review services desired, and to determine the possibility of a potential relationship. Services begin only after the Client and Transform Wealth formalize the relationship with a properly executed Client agreement.

Transform Wealth also offers investment advisory services to institutional clients, including trusts, tax exempt funds (such as pension and profit-sharing plans), government entities, corporations and foundations.

### **Wealth Management Services**

Transform Wealth offers wealth management services that include ongoing and continuous portfolio management depending on the services desired, as outlined in the Investment Management Agreement.

Transform Wealth tailors its wealth management services and recommendations to meet the needs of its individual Clients by assessing Client stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the Client and the nature of services requested. Transform Wealth anticipates that each Client will actively participate in the review of information and the formulation of their investment plan.

Transform Wealth places a focus on liquidity, diversification, risk analysis and cash flow through the use of investments primarily available through nationally-recognized security exchanges.

The portfolio strategies considered for use by Transform Wealth include individual equity securities (foreign and domestic), bonds, ETFs, no-load mutual funds, corporate debt securities, commercial paper, Certificates of Deposit, municipal securities, government debt securities (foreign and domestic), real estate (private and public), partnership (using a Fund of Funds) investments, private equity and credit and other securities, or a combination thereof. Transform Wealth also offers advice on the following: warrants; certificates of deposit; option contracts on securities and commodities; and investments in variable life or annuity products. Transform Wealth also offers advice on partnerships (public and private).

For clients with non-discretionary investment management agreements with us, implementation of any advice or recommendations pertaining to securities and/or non-securities matters – in whole or in part – is entirely at the Client's discretion.

Where an existing portfolio has been designed by the Client or another party, Transform Wealth can provide recommendations for ongoing management, re-design, adjustments or rebalancing.

Certain Clients may desire to keep holdings within their account(s) that are selected by the Client and are not the subject of investment advice by Transform Wealth. These are self-directed assets.

Transform Wealth will have no responsibility to manage any self-directed assets in Client accounts and Transform Wealth accepts no liability to those Clients in connection with any loss relating to self-directed assets.

Clients requiring assistance on issues relating to matters outside of investment advisory topics should consult their personal tax adviser, legal counsel, or other professionals for expert opinions.

When providing a review or advice on investments within retirement plans, the advice and any recommendations are limited to plan offerings and the service provider(s) selected by the plan providers.

If services desired go outside the scope of Wealth Management Services during the engagement, Transform Wealth is available to provide Consultation Services. In such cases, Transform Wealth will request a new or amended Client Agreement and additional fees will apply. Transform Wealth will not engage in additional services without the Client's written direction.

We implement investment advice on behalf of certain clients in held-away accounts that are maintained at independent third-party custodians. These held-away accounts are often 401(k) accounts, 529 plans and other assets that are not held at our primary custodian(s).

#### **C. Selection of Other Advisers**

In limited instances, when Transform Wealth allocates client assets to External Advisers, the client-facing adviser, is responsible for assessing the client's needs, communicating with the client, allocating (or recommending the allocation of) the client's assets and conducting due diligence and monitoring of the client's investments. The External Adviser is responsible for managing certain of the client's assets that we allocate to them in a manner consistent with the manager's stated investment strategies and in accordance with the guidelines we provide.

#### **D. Financial Planning & Financial Assessment Services**

Financial Planning & Financial Assessment Services are dependent upon the nature and scope of services to be provided. Transform Wealth's services and the fee for those services are agreed to with the Client at the time of engagement.

Transform Wealth undertakes two general approaches for providing written Financial Planning and Financial Assessment Services:

1. A "Comprehensive Financial Plan," which reviews all of the various aspects of a Client's situation as presented by the Client, which may include, but are not limited to: individual needs, finances, goals and objectives, time horizons and risk tolerance, business activities, taxes, estate planning, insurance, educational funding, budgeting, retirement and more. This Comprehensive Financial Plan includes the data gathering process through a comprehensive Client Workbook, actual presentation of the written Plan, and ongoing consultation services regarding the implications and recommendations provided. Ongoing consultation services are typically provided in conjunction with regular investment portfolio reviews; however,

if a Client experiences significant changes in their circumstances or requires more comprehensive updates, the Client may need to re-engage Transform Wealth under a new planning agreement.

2. A “Focused Financial Assessment” typically includes a simplified, limited scope analysis covering basic cash flow and net worth projections. Transform Wealth collects data using a brief Financial Assessment questionnaire. Because of time and project limitations, the Client’s overall financial situation will not be considered. The Focused Financial Assessment is typically provided for Clients utilizing Transform Wealth for their wealth management needs. If desired, Clients can secure Comprehensive Financial Planning services under a separate agreement.

When Clients utilize our combined Comprehensive Financial Planning and Wealth Management services, we will reach out to them quarterly to encourage a discussion about their investment portfolios. At the same time, we will also address their ongoing planning needs. We encourage our Clients to contact us immediately if they experience any significant life events that could alter the assumptions of their financial plan.

#### **E. Consultation Services**

Transform Wealth’s business consulting services are focused on individuals and families who manage their own business. We will work to understand the unique and complex aspects of your business operations with a holistic view of your financial situation. These services are offered outside of the Transform Wealth’s Financial Planning and Wealth Management Services for a fee.

#### **F. Client Tailored Services and Client Imposed Restrictions**

Transform Wealth recognizes that each Client is unique, and therefore, Transform Wealth focuses on providing individualized services. Transform Wealth can tailor services to each Client and their specific situation based on the nature of the engagement. Clients electing to receive limited services should understand that Transform Wealth will not have sufficient information to perform a comprehensive analysis of their long-term financial goals and objectives.

Clients can impose reasonable restrictions on the management of their portfolios if Transform Wealth determines in its sole discretion that the conditions can be accommodated. Clients are advised to promptly notify Transform Wealth in writing if there are changes in their personal or financial situation, needs, goals, or objectives, and if they wish to place any limitations on the management of their portfolios.

#### **G. Focus Client Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions (“FTCS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a discussion of these services and other important information.

## **H. Wrap Fee Programs**

Transform Wealth does not offer wrap fee programs; however, wrap fee programs are available through Weatherstone Capital Management.

## **I. Assets Under Management**

As of December 31, 2022, Transform Wealth had assets under management of \$2,201,893,915 managed on a discretionary basis.

# **ITEM 5: Fees and Compensation**

## **A. Fees & Compensation**

Transform Wealth offers services on a fee basis, which include fees based on assets under management, fixed fees, and/or hourly fees. Transform Wealth's fees are negotiable at its own discretion. Fees will vary for legacy clients and in some instances are waived for family and friends of the firm.

For certain clients, we charge an advisory fee for services provided to the held-away accounts mentioned above in Item 4, just as we do with client accounts held at our primary custodians. The specific fee schedule charged by us is provided in the client's investment advisory agreement with us.

## **B. Wealth Management Services and Selection of Other Services**

Fees for Wealth Management Services are agreed upon at the time of engagement. The fee schedule that follows are annual fees which are billed in accordance with the written investment advisory agreement executed between the Client and Transform Wealth. Services can be combined on a household level, generally defined as Clients related on a familial basis, which will save Clients fees compared to purchasing the same services separately.

Fees for Wealth Management Services are billed in advance and are as follows:

Annual Fee Structure	
<u>for assets over \$500,000</u>	<u>Annual Fee</u>
Up to \$1,000,000	1.25%
The Second \$1,000,000	1.10%
Over \$2,000,000	1.00%

Clients with less than \$500,000 assets under management will be assessed a 1.50% annualized fee.

Fees and expenses for partnership offerings and private REITs are disclosed in applicable offering documents. In addition, specific fees and risks are disclosed below in Item 8.

## **C. Financial Planning Services**

Fees for Financial Planning Services are determined at the time of engagement based upon the time and effort required and/or the nature and complexity of services and are negotiable at Transform Wealth's discretion.



Comprehensive Financial Planning services are available to Clients with a minimum of \$1,000,000 in assets with Transform Wealth. We do make some exceptions to the asset minimum. There is typically no charge for Financial Assessment services, as these costs are covered by the Client's wealth management fees.

For larger projects and when ongoing services are desired, Transform Wealth will propose a fixed fee, agreed upon at the time of engagement, and dependent upon the complexity of the desired services. Any modifications to the fee arrangement will be agreed upon in writing between Transform Wealth and the Client.

Financial Planning Services will be immediately terminated upon written notice by either party, and planning fees may be refunded at the discretion of Transform Wealth depending on the degree to which planning services have been utilized.

#### **D. Payment of Fees**

##### **Wealth Management Services**

Wealth Management fees are payable either in arrears or in advance, depending on the advisory agreement executed by the Client. For Clients who are billed quarterly in arrears, fees are typically prorated and paid quarterly, based upon the market value of the assets on the last business day of the previous quarter. For Clients who are billed quarterly in advance, fees are typically paid quarterly, based upon the market value of the assets on the last business day of the previous quarter. The fees based on assets under management are calculated as a percentage based on the value of all assets in the account, including cash, accrued interest and margin balances. Transform Wealth will generate quarterly advisory fee invoices upon Client request; however, all Clients will receive quarterly custodian statements with the deduction of advisory fees.

Transform Wealth does not recommend the use of margin by Clients but has accommodated and may accommodate Client requests for use of margin by agreement between the Client and Transform Wealth. To the extent that a Client authorizes the use of margin, and margin is thereafter employed, the market value of the Client's account and corresponding fee payable by the Client to Transform Wealth will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, Clients authorizing margin are advised of the potential conflict of interest whereby the Client's decision to employ margin will correspondingly increase the management fee payable to the firm. Accordingly, the decision to employ margin is left to the sole discretion of Client. Clients employing margin are advised that the margin balance is not deducted when calculating the advisory fee.

Clients should refer to their investment advisory agreement for the billing methodology applicable to their account(s).

Transform Wealth typically deducts advisory fees from Client accounts held at an independent custodian, as allowed under the safe harbor provisions of the SEC's Custody Rule.

Account statements are required to be produced and sent to you by the account custodian no less frequently than on a quarterly basis. Transform Wealth encourages you to compare your custodial

account statements with your Transform Wealth quarterly reports. In the event of a valuation discrepancy, the custodial statement will serve as the official statement.

#### **E. Financial Planning**

Financial Planning fees are invoiced directly and paid by the Client.

#### **F. Other Fees**

Clients are responsible for the payment of all third-party fees associated with investing. Clients pay internal management fees and expenses of open-end mutual funds and exchange-traded funds, transaction and brokerage commissions for certain securities transactions to their broker/dealer or custodian as well as any fees associated with their particular accounts (e.g., wire transfer, margin fees, etc), all which are distinct and different from Transform Wealth's advisory fees. The commissions and/or transaction fees charged by broker/dealers or custodians available through Transform Wealth may be higher or lower than those charged by other broker/dealers. The commissions and/or transaction fees you pay are considered to be discounted from customary retail transaction charges and commission rates. Transform Wealth does believe these charges comply with its duty to seek best execution and they are reasonable in relation to the quality of brokerage services received. Transform Wealth does not receive any portion of these investment-related commissions and/or fees. Clients are encouraged to read each prospectus and securities offering document.

When transferring securities to Transform Wealth, Clients should understand they are responsible for any liquidation or transfer fees charged by the custodian.

#### **G. Prepayment of Fees**

Wealth Management Services can be terminated upon receipt of written notice by either party. If the termination occurs prior to the end of a billing period, fees paid in advance for the final billing period are considered to be earned through the effective date of the termination date. Any unearned portion of the fee paid in advance will be refunded to the Client.

Consultation Services terminate upon the delivery of services, unless ongoing services are engaged pursuant to the Client Agreement. These services otherwise can be immediately terminated prior to the conclusion of services upon written notice from either party and the Client will only be responsible for time incurred by Transform Wealth up until the effective date of termination. Any unearned portion of fees will be promptly refunded.

#### **H. Other Compensation**

Neither Transform Wealth nor its employees accept any compensation and/or commission for the recommendation of securities or non-securities products, including asset-based sales charges or service fees from the sale of mutual funds or insurance products to advisory Clients.

#### **I. Focus Treasury Client Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury Client Solutions ("FTCS").

FTCS does not receive any compensation from such third-party institutions from serving our clients. Further information on this conflict of interest is available in Item 10 of this Brochure.

#### **ITEM 6: Performance-Based Fees and Side-By-Side Management**

In limited circumstances Transform Wealth accepts performance-based fees. We have an incentive to favor accounts that receive a performance-based fee. To mitigate this risk, we monitor the trading activity in performance-based accounts and strive to treat clients favorably.

#### **ITEM 7: Types of Clients**

Transform Wealth provides advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Transform Wealth requires a minimum portfolio size of \$500,000 for its Wealth Management Services although exceptions may be granted upon management approval. For Clients who do not meet the minimum portfolio size or who do not desire comprehensive Wealth Management Services, Transform Wealth also offers Consultation and Financial Planning Services.

Transform Wealth reserves the right to decline to provide Wealth Management Services to any person or firm in its sole discretion and for any reason.

Transform Wealth is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) with respect to investment management services and investment advice provided to ERISA plan clients, including plan participants. Transform Wealth is also a fiduciary under section 4975 of the Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to individual retirement accounts (“IRAs”), ERISA plans, and ERISA plan participants. As such, Transform Wealth is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

#### **ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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

Transform Wealth believes each Client presents a unique set of goals, values, objectives and challenges. Transform Wealth provides individualized attention to each type of investor who engages its services.

Transform Wealth provides advisory services for portfolios ranging from conservative to aggressive; each designed to meet the varying needs of Clients based upon their specific objectives, risk tolerance and time horizons.

During the process of financial planning or consultation, Transform Wealth may recommend its services, and/or the services of other professionals to implement its recommendations. Any professional referrals (i.e., insurance agents/firms, accounting professionals, legal professionals, etc.) are solely a courtesy and Transform Wealth receives no direct or indirect compensation as a result of these referrals. The Client is never under any obligation to act upon any of the recommendations made by Transform Wealth under a consulting engagement and/or engage the services of any such recommended professional.

Transform Wealth utilizes a combination of fundamental, technical and cyclical analysis while employing an asset allocation strategy that incorporates cash flow considerations, current and future financial obligations, risk perceptions, time horizon and investment objectives. Transform Wealth takes the position that no single strategy can be relied upon to outperform the market. Transform Wealth's goal in its analysis is not to make any attempt to time the market.

When appropriate and based on the individual needs of Clients, Transform Wealth may utilize covered puts and calls as a hedging strategy to help manage risk. Where Client accounts are of a smaller size, however, this strategy may not be available.

Transform Wealth utilizes a number of computer databases and research available to professional investment advisers. Additionally, outside consultants may be engaged to provide professional services, statistical reports, tax alerts and investment reviews. Any costs associated with these consultations is borne solely by Transform Wealth unless other arrangements have been made, in writing, with the Client in advance.

Typically, sales of investments in taxable accounts result in taxable gains or losses to the Client. Transform Wealth does not render tax advice and is not responsible for the tax consequences to the Client as a result of account transactions. Clients are encouraged to consult their tax advisor about tax consequences as a result of transactions in their account(s).

In providing Financial Planning Services, Transform Wealth takes a long-term perspective. After Transform Wealth evaluates the Clients' financial needs, the Advisor will design investment and risk-management strategies to help the Client achieve his or her financial goals.

## **B. Risk of Loss**

Transform Wealth believes that investors with diverse portfolios are optimally positioned for better long-term performance, because it is difficult to accurately predict short-term movements of the markets. No single strategy can be relied upon to outperform the market.

Investing in securities involves risk of loss that Clients should be prepared to bear. It is important that Clients understand these risks and they proactively address any concerns with their Advisor.

### *Market Risks*

Investment decisions can depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Transform Wealth will be able to predict those price movements accurately or capitalize on any such assumptions.

Certain investments utilized by Transform Wealth may contain securities from emerging markets and developing countries. Investing outside the United States involves additional risks, such as currency fluctuations, illiquidity and price volatility.

#### *Mutual Funds and Exchange-Traded Funds (ETFs)*

Mutual fund and ETF portfolios are comprised of individual equity and debt securities with their own unique company risks. Shareholders are liable for taxes on any capital gains, as these issuers are required by law to distribute capital gains to underlying shareholders.

Open-end mutual fund shares are calculated at the end of each business day where all shareholders receive the same closing price. ETF's generally trade intra-day where the net asset value (NAV) can fluctuate throughout the business day. As a result, ETF investors may receive different prices when trades are executed on the same day.

#### *Use of Margin*

Margin lending is a feature where a custodian will lend a Client money against the value of their portfolio securities. The borrowed money is called a margin loan and can be used to purchase additional securities or to meet short-term financial needs. Margin can be profitable when stocks prices increase although financial risk to the Client can be significant when stock prices decline. Clients should carefully read their custodian margin agreement to fully understand the risks associated with margin lending.

#### *Cybersecurity*

The computer systems, networks and devices used by Transform Wealth and its 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, 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 can 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.

### *Fixed Income Risk*

There are certain risks involved in investing in all types of bonds: Government, Municipal, Mortgage-backed, Asset-backed securities (MBS/ABS) and Corporate. These risks can include interest rate risk, reinvestment risk, inflation risk, market risk, price risk, credit risk, default risk and duration risk.

### *Limited Partnership / Private Real Estate Investment Trust Risks*

Transform Wealth offers access to limited partnerships (public and private) and private real estate investment trusts to investors when such investments are consistent with client objectives, risk tolerance, and regulatory eligibility. Private investments are subject to various risks which are set forth in applicable offering documents for each investment. These risks include but are not limited to the risk of loss of principal; liquidity risk; lack of transparency or limitations on communications from the issuer or third parties regarding operations; challenges in obtaining or evaluating comparable pricing information or comparable information on which to evaluate the businesses; limited or no secondary market availability; risks associated with inconsistent dividends and/or distributions; and high internal and operating expenses. Private investments are subject to pricing and liquidity risks as they do not have regular daily pricing.

### *Real Estate Income Trust Risks*

Investments in non-listed or non-traded real estate investment trusts (REITs) are subject to additional risks including but not limited to:

- Liquidity risk, as non-traded REITs generally cannot be sold until listed on an exchange or the trust's assets are liquidated. Early redemptions may be subject to limitations including notice requirements, termination of redemption provisions, and discounted redemption values.
- Non-traded REITs can include high upfront fees which are generally designed to cover offering and organizational costs. These early, high fees reduce the value of the principal invested and results in less return on investment. In addition, non-traded REITs can involve significant transaction costs including fees to acquire properties and asset management fees.
- Distributions from non-traded REITs, particularly initial distributions, may be derived from investment principal rather than operations. This practice reduces the value of the shares and reduces the cash available to the REIT to purchase real estate assets.
- Lack of available share price for non-traded REITs, which may limit or eliminate the ability to assess the value or performance of the investment for significant time periods.
- Conflicts of interest risks, including external managers that may receive significant transaction fees by the REIT for services that do not align with shareholder interests, such as fees based on the amount of property acquisitions and assets under management.

### *Credit Risk*

Investments in credit funds are subject to the credit risk of the underlying instruments. Where such investments are below investment grade and speculative, the risks increase that economic downturns will negatively impact the ability to repurchase shares. Additional risks include lack of a

secondary market, liquidity risk, redemption risk (including the risk of discounted returns upon early redemptions and other redemption risks associated with shares not listed on an exchange) and risks associated with distributions being funded from unlimited amounts of offering proceeds or borrowings (which reduces the amount of capital available to invest).

#### *Market Volatility*

At various times in the past, volatile market conditions have had a dramatic effect on the value of investments. In addition, terrorist attacks, other acts of violence or war, health epidemics or pandemics, natural hazards, and/or force majeure may affect the operations of our firm or securities we purchase for your portfolio. Such events also could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. Any of these occurrences could have a significant impact on the operating results and performance of the securities in your portfolio.

#### *COVID Risk*

The transmission of COVID and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have started to lift, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm's investment strategies.

Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks.

### **ITEM 9: Disciplinary Information**

Transform Wealth and its employees have not been the subject of any investment-related legal or disciplinary events in the past ten years that would be material to a Client's evaluation of Transform Wealth.

### **ITEM 10: Other Financial Industry Activities and Affiliations**

#### **Focus Treasury Client Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. These third-party financial institutions are banks and non-banks (the "Network Institutions") that offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FTCS's cash management solutions. FTCS acts as

an intermediary to facilitate our clients' access to these credit and cash management solutions.

Neither we nor FTCS receives any compensation from the Network Institutions or any other third parties for providing credit or cash management solutions to our clients. For services provided by FTCS to clients of other Focus firms, FTCS receives a portion of the revenue earned by the Network Institutions, and such compensation to FTCS is also revenue for our common parent company, Focus Financial Partners, LLC. However, this compensation to FTCS does not come from credit or cash management solutions provided to any of our clients. The volume generated by our clients' transactions does benefit FTCS and Focus in attracting, retaining, and negotiating with Network Institutions. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FTCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FTCS's services will receive product-specific disclosure from the Network Institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend FTCS to provide credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage.

#### Credit Solutions from FTCS

For FTCS credit solutions, the interest rate of the loan is ultimately determined by the lender, although in some circumstances FTCS may have the ability to influence the lender to lower the interest rate of the loan. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While the FTCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FTCS program. Because of the limited number of participating Network Institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time if the client cannot repay the loan within the specified time period. The Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly



the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

#### Cash Management Solutions from FTCS

For FTCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program. Before any interest is paid into client accounts, the Network Institutions and certain unaffiliated third-party service providers take their fees out, and the net interest is then credited to clients' accounts. Engaging FTCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FTCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

We do not believe the Focus Partnership presents a conflict of interest with our clients. We do not have a business relationship with other Focus Partners that is material to its advisory business or to its clients.

#### **A. Selection of other Advisers or Managers**

As discussed in the Advisory Services section of this Brochure, Transform Wealth does not directly recommend the services of third-party advisers or sub-advisers. However, Weatherstone Capital Management does provide these services which presents a conflict of interest when referring individuals to this affiliate.

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

#### **A. Code of Ethics**

Transform Wealth has a Code of Ethics in place in accordance with applicable securities laws that sets forth the standards of conduct expected of its employees. Written policies and procedures are reasonably designed to prevent certain unlawful practices. Employees are required to:

- Place the interests of Clients ahead of their personal interests.
- Owe a duty of loyalty to Clients and always act in an ethical manner when interacting with Clients, prospects and vendors.
- Conduct all personal security transactions in full compliance with the Code of Ethics.

- Avoid taking inappropriate advantage of their position.
- Use independent, sound judgment when making investment recommendations and engaging in professional activities.

Clients and prospective Clients can contact Transform Wealth to request a copy of its Code of Ethics.

## **ITEM 12: Brokerage Practices**

### **A. Selecting Custodians and Broker/Dealers**

Transform Wealth typically recommends the services of Charles Schwab & Co. and TD Ameritrade (the “Custodians”), for its Wealth Management Clients.

Factors Transform Wealth considers in recommending Custodians or any other broker/dealer to Clients include their respective financial strength, reputation, execution, pricing, research (if any), and service. The Custodian may enable Transform Wealth to obtain many individual securities and mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the Custodians may be higher or lower than those charged by other financial institutions.

Brokerage commissions and/or transaction fees charged by Custodians, or any other designated broker/dealer, are exclusive of and in addition to the Transform Wealth’s Wealth Management fee.

### **B. Research and other Soft Dollar Benefits**

Transform Wealth does not receive any research, products or services from broker/dealers or third parties, other than what is necessary for the execution of Client securities transactions. Transform Wealth does not receive any “formal soft dollar” benefits.

### **C. Client Referrals**

Transform Wealth does not have formal referral agreements with any broker/dealer or third party.

### **D. Directed Brokerage**

Transform Wealth does not offer directed brokerage services.

### **E. Aggregation (Block) Trading**

Transform Wealth allocates investment opportunities in a fair and equitable manner. Transform Wealth generally manages Client accounts with an aggregation method known as block trading. Block trading is the sale or purchase of a large number of securities in a single transaction. This is an efficient means of executing many Client transactions in the same security, generally at the same price. Block trading, also known as batch trading, is commonly used when executing equity transactions. In some instances, block trading may also be used for bond trades although due to the unique characteristics of fixed income securities, including limited inventory and inefficient markets, Transform Wealth will often manage these transactions based on individual Client directives. Transform Wealth is not obligated to batch trades although in its trading process it

regularly considers opportunities to reduce commission costs to fulfill an important aspect of its best execution obligations to its Clients.

In limited instances, there may be situations where Transform Wealth executes transactions in thinly-traded securities. When this occurs, the process of selecting Clients will be done on a random basis, rather than a block trade, to avoid having small transactions across all Clients purchasing or selling the same security. Centralized Trading will complete the allocation over a period of time with the understanding that by executing transaction amounts in this manner, Clients will likely receive different prices for the same security.

If an aggregated order is not filled in its entirety, Centralized Trading will allocate trades on a rotational basis.

#### **F. Trade Error Policy**

On rare occasions, trade errors can occur. To resolve trade errors, Transform Wealth will place a correcting trade with the Client's broker/dealer. At Schwab, Transform Wealth is responsible for any losses exceeding \$100 when it is determined it is responsible for the error. To minimize administrative costs, Schwab will absorb any losses less than \$100. When investment gains result from a trade error, the gain will be retained by the Client unless it is determined to be not permissible, or the Client elects not to accept the gain for tax purposes or other reasons. Any gains not retained by Clients are donated by Schwab to a charity of its choice.

At TD Ameritrade, Transform Wealth is responsible for reimbursing Clients for all losses due to trade errors made by Transform Wealth in Client accounts. Any net gains resulting from trade errors are donated by TD Ameritrade to a charity of their choosing.

#### **ITEM 13: Review of Accounts**

Transform Wealth primarily manages Client accounts on a discretionary basis meaning we provide continuous and regular supervision of these accounts. Trading software is used to monitor accounts and when appropriate, and at its discretion, Transform Wealth will make portfolio changes to ensure Client assets are managed according to their agreed upon allocation models.

In limited instances, Transform Wealth will manage Client accounts on a non-discretionary basis. Transform Wealth will provide continuous and regular supervision of these accounts; however, they will first receive Client permission before effecting trades in the accounts.

Transform Wealth's investment committee meets on a periodic basis to discuss strategic and tactical decisions related to Client portfolios. The committee consists of highly experienced individuals with an understanding of global macro issues combined with significant experience evaluating equity and fixed income securities and markets.

All Wealth Management Clients are advised that it remains their responsibility to notify Transform Wealth of any changes in their investment objectives or financial situation. Clients are encouraged to review their financial planning issues, investment objectives and account performance with

Transform Wealth at least on an annual basis.

Transform Wealth will provide Clients with an evaluation of Client's current financial situation and then design and implement an investment plan aimed at achieving a Client's financial objectives. Transform Wealth will conduct an initial interview and data gathering process to determine Client's individual needs, goals, time horizon and risk tolerance. Client's investments can include all manner of investment vehicles including short-term instruments, domestic or international stocks and bonds, options, mutual funds, ETFs, and/or investment vehicles such as real estate investment trusts, high dividend-paying stocks, and Master Limited Partnerships. The underlying assets of the Client's portfolio are reviewed regularly and/or based on need. Transform Wealth's recommendations can include planning for long-range goals or other segments of an investment plan that may be needed. This can include providing the Client with a current balance sheet and basic net worth, cash flow, and tax projections based on limited information provided by the Client.

Comprehensive financial planning is offered as a separate, standalone service, and provides the Client with in-depth, detailed analysis of the Client's cash flows, assets and liabilities, investments, tax circumstances, insurance needs, and estate planning considerations among other areas. This service involves identifying the Client's goals and objectives, analyzing the Client's current course of action and potential alternative future courses of action, developing financial planning recommendations, presenting those recommendations, implementing the recommendations, and monitoring the recommendations and updating the Client's progress. Comprehensive financial planning can benefit the Client by helping the Client secure their financial wellbeing and providing the Client with peace of mind.

Broker/dealers and custodians are obligated to provide Clients with transaction confirmations and statements at least quarterly. Clients are encouraged to compare these statements with any reports provided by Transform Wealth.

#### **ITEM 14: Client Referrals and other Compensation**

Transform Wealth's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practice conferences, which typically include Transform Wealth, other Focus firms and external attendees. These meetings are intended to provide training or education to personnel of Focus firms, including Transform Wealth. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Transform Wealth. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict of interest. The marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Transform Wealth to consider the conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate,

including Transform Wealth. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

During the past year, Charles Schwab & Co., Inc. and BlackRock, Inc. provided conference sponsorship to our parent company, Focus LLC. You can access a more recently updated list of conference sponsors on Focus' website through the following link: <https://focusfinancialpartners.com/conference-sponsors/>

#### **ITEM 15: Custody**

Transform Wealth uses independent, third-party custodians not affiliated with Transform Wealth and does not take direct custody of Client funds or securities, with the exception of the SEC's safe harbor allowing it to deduct advisory fees directly from Client accounts.

Transform Wealth provides its Clients with a service called Standing Letters of Authorization (SLOA) allowing Clients to conveniently instruct their custodian to send their funds to another party. This is deemed by the SEC as custody even though Transform Wealth does not have the ability to change any routing or account number information provided by the Client to the custodian. The custodian is also responsible to review all SLOA instructions prior to initiating wire instructions. Transform Wealth takes the potential for wire fraud very seriously and has reasonable procedures and controls in place to manage this risk.

#### **ITEM 16: Investment Discretion**

As mentioned in ITEM 13 (Review of Accounts), Transform Wealth primarily manages Client investment portfolios on a discretionary basis. On a limited basis, it will offer investment management services on a non-discretionary basis. Clients may impose reasonable investment restrictions on their accounts.

In advance of providing services, all Clients must first execute an Agreement with Transform Wealth describing the obligations of both parties entering into such an agreement. Clients are also required to sign a separate agreement with their chosen custodian.

#### **ITEM 17: Voting Client Securities**

In limited instances, Transform Wealth votes proxies on behalf of its Clients. Transform Wealth has established proxy voting guidelines. Pursuant to these guidelines, Transform Wealth will generally vote in accordance with management's recommendations except in situations where Transform believes such a vote would be contrary to the best interests of its clients. Transform Wealth maintains policies for evaluation of conflicts of interest in connection with proxy votes. Information regarding how Transform Wealth has voted proxies with respect to a client's securities or to receive a copy of the proxy voting policies and procedures is available by written request to Transform Wealth at the contact information located on this brochure.

In instances where Transform Wealth does not accept proxy voting authority, Clients will receive proxies or other solicitations directly from their custodian and can contact the custodian with questions about any particular solicitation. Also, Transform Wealth does not participate in any class action lawsuits on behalf of its Clients.

#### **ITEM 18: Financial Information**

Transform Wealth does not require or solicit prepayment of Wealth Management fees of more than \$1,200, six months or more in advance. Transform Wealth is unaware of any financial condition that is likely to impair its ability to meet its contractual commitments to its Clients. Transform Wealth has not been the subject of a bankruptcy petition.