

# TRANSAMERICA FINANCIAL ADVISORS, INC.

## FORM ADV PART 2A

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**March 31, 2022**

*This Form ADV Part 2A ("Brochure") provides information about our qualifications and business practices. If you have any questions about the contents of this Brochure, please contact us at (727) 299-1800 extension 123-2080. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.*

*Additional information about Transamerica Financial Advisors, Inc. ("TFA") is also available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). (Click on the link, select "investment adviser firm" and type in our firm name). Results will provide both Part 1 and Part 2A of our Form ADV.*

TFA is a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any particular level of skill or training. The oral and written communications we provide contain information clients and prospective clients should use to evaluate TFA and may impact your decision to hire TFA or to continue to maintain a mutually beneficial relationship.

## ITEM 2 – MATERIAL CHANGES

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No material changes have occurred since the firm's last annual brochure update on March 31, 2021.

When we update the Disclosure Brochure with material changes, we will either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

If you would like a copy of this Disclosure Brochure, you may download it from the SEC's public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), download it at [www.tfaconnect.com](http://www.tfaconnect.com), or contact us at 727-299-1800 **extension 123-2080**.

## ITEM 3 – TABLE OF CONTENTS

<u>Item 1 – Cover Page</u> .....	1
<u>Item 2 – Material Changes</u> .....	2
<u>Item 3 - Table of Contents</u> .....	3
<u>Item 4 – Advisory Business</u> .....	4
<u>Item 5 – Fees and Compensation</u> .....	9
<u>Item 6 – Performance-Based Fees and Side-By-Side Management</u> .....	25
<u>Item 7 – Types of Clients</u> .....	25
<u>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</u> .....	25
<u>Item 9 – Disciplinary Information</u> .....	37
<u>Item 10 – Other Financial Industry Activities and Affiliations</u> .....	40
<u>Item 11 – Code of Ethics</u> .....	42
<u>Item 12 – Brokerage Practices</u> .....	43
<u>Item 13 – Review of Accounts</u> .....	46
<u>Item 14 – Client Referrals and Other Compensation</u> .....	47
<u>Item 15 – Custody</u> .....	48
<u>Item 16 – Investment Discretion</u> .....	49
<u>Item 17 – Voting Client Securities (Proxy Voting)</u> .....	49
<u>Item 18 – Financial Information</u> .....	49

## ITEM 4 – ADVISORY BUSINESS

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### **The Company**

Transamerica Financial Advisors, Inc. (“we/our/us/TFA”) is an investment advisory firm registered with the SEC since 1991. TFA is also a broker-dealer and has been a member of the Financial Industry Regulatory Authority (FINRA) since 1984 and member Municipal Securities Rulemaking Board (MSRB). This enables us to offer a wide range of financial products to our clients such as variable annuities, mutual funds, and other financial products. Some of our advisory programs require our financial advisors to act as broker-dealer representatives as well. TFA’s core mission is providing life insurance, employer retirement solutions, and advisory and asset management services.

TFA is directly owned by AUSA Holding, LLC, Commonwealth General Corporation, and AEGON Asset Management Services, Inc., which are indirect, wholly owned subsidiaries of the ultimate parent, AEGON N.V., a publicly traded company listed on the New York Stock Exchange (NYSE) and trading under the symbol AEG.

### **SERVICES**

TFA offers various types of advisory services and programs, including wrap fee programs, third-party money management programs, and employer retirement services. TFA’s advisory services are made available to clients through individuals registered with TFA as investment advisor representatives (“Advisors”).

Generally, at the time TFA offers you our advisory services, our Advisors with the assistance of firm tools and online resources, conduct interviews with you to determine your financial needs and objectives. The Advisor will analyze your current financial situation, investment goals, and present strategies. The Advisor will then provide recommendations to you based on the Advisor’s analysis. The Advisors do not provide legal, tax or accounting advice. Our Advisors may offer you one or more of the following advisory services:

- **Third-Party Money Management Programs**

Our Advisors have access to third-party money managers (“TPMMs”) that focus on providing managed model portfolios to clients. Depending on the TPMM selected, the TPMM will typically utilize either exchange traded products (“ETPs”) or mutual funds within their investment strategies. In some cases, TPMMs may include equity securities, municipal securities, US government securities, and/or other securities products within their investment strategies (please refer to the specific TPMM’s Form ADV Part 2A or other disclosure document for a complete listing of the types of investments it may use in a client’s model portfolio).

If you own a no-load/non-commissionable Variable Annuity (“Advisory VA”) policy, our

Advisors may offer you advisory services on the subaccount allocations in your Advisory VA. These services are offered by TPMMs recommended by your Advisor and are designed to provide you with ongoing investment management services on the subaccount allocations within your Advisory VA. Within each Third-Party Money Management Program, the TPMM selected will have discretionary authority over your account to conduct the necessary trading activity.

- **Employee Retirement Services/Transamerica Retirement Plan Exchange**

TFA Advisors also have the ability to refer clients to various third-party providers that provide certain administrative services relating to employee retirement plans. Through these third-party providers, clients can gain access to certain TPMMs within their employee retirement plan that may also be available in the Third-Party Money Management Programs described above.

For retirement plan services, TFA Advisors may refer clients to the Transamerica Retirement Plan Exchange (“the Exchange”), administered by TAGResources (“TAG”), a third-party administrator. The Exchange allows for small and mid-sized businesses to provide a retirement plan to employees without having to take on many of the administrative and fiduciary responsibilities. TAG will choose an investment firm to select and monitor the plan’s investment lineup and to assume ERISA 3(38) fiduciary responsibilities. Businesses offering a retirement plan through the Exchange become a participating employer.

Transamerica Retirement Solutions (“TRS”) serves as the record keeper for this business, handling benefit payments and enrollments and providing support up to and through the plan participant’s transition to retirement. TRS allows plan sponsors and their plan participants to monitor and better manage their investment choices with investment performance reports, quarterly participant statements, and a participant website at TA-Retirement.com.

The retirement plan services will be described in detail in the retirement plan provider’s agreement, or other appropriate disclosure brochure. Client should refer to such documents for a complete discussion of the services offered, including a description of all fees and expenses associated with the program.

- **Transamerica® ONE Wealth Management Platform**

The Transamerica® ONE Wealth Management Platform (“Transamerica® ONE”) is a wrap fee program that offers clients access to a fee-based investment management program. “Wrap-fee” means that you will pay a single fee for the services provided by the program, as opposed to purchasing and paying for the services separately.

Transamerica® ONE is available to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. TFA has entered into an agreement with Folio Investments, Inc., a Goldman Sachs Company ("Folio"), whereby TFA will administer and sponsor Transamerica® ONE using Folio's internet-based platform. TFA has contractual arrangements with various Model Managers to develop model portfolios to include in Transamerica® ONE.

Additionally, the Transamerica I-Series® model portfolios are available within Transamerica® ONE. TFA is the Model Manager for the Transamerica I-Series® portfolios. Transamerica I-Series® model portfolios use strategic, tactical, and alternative asset allocation model portfolios to establish an individualized model portfolio in accordance with particular investment objectives and risk targets.

Within Transamerica® ONE, you may select from multiple model portfolios allowing you to pursue different investment strategies within a single account. Depending upon the model portfolios selected, the underlying assets can consist of, but are not necessarily limited to, individual stocks and bonds, mutual funds, and ETPs (collectively "Investment Products"). Within each Transamerica® ONE model portfolio, the client owns the underlying securities in his or her account.

TFA also offers Transamerica® Strategy Solutions which are a suite of risk-based allocations to strategies in the Transamerica® One platform. There are five allocations, one for each of the five risk categories. Transamerica® Strategy Solutions are intended for clients whose primary focus is achieving a level of risk in the overall portfolio's that matches the client's targeted risk level.

Folio is the broker-dealer and the primary custodian for your accounts. Kingdom Trust Company is the custodian for IRA accounts.

Additional information about Transamerica® ONE and Transamerica® Strategy Solutions can be found in the Transamerica® ONE Wrap Fee Program Brochure (Form ADV Part 2A Appendix 1).

- **Transamerica® ALPHA Digital Investment Program**

TFA has entered into an agreement with Betterment, LLC. ("Betterment"), whereby TFA will administer and sponsor Transamerica® ALPHA using Betterment's

internet-based platform. Betterment serves as a sub-advisor for the program. TFA's Advisor will assist you in determining if the Transamerica® ALPHA Program is suitable for your initial and ongoing investment needs. Betterment provides an internet-based platform through which Betterment provides you discretionary managed account services as the program's sub-advisor. Model portfolios are developed and overseen by Betterment, Vanguard, or Transamerica. Betterment uses a strategic asset allocation method for investing your assets and uses ETPs as the investments for your assets. Betterment Securities, an affiliate of Betterment, is the broker-dealer and Apex Clearing Corporation ("Apex") is the primary custodian.

Sunwest Trust will serve as the custodian for qualified retirement accounts. TFA will not have, nor exercise, discretionary authority over your account in the Transamerica® ALPHA Program.

Additional information about Transamerica® ALPHA can be found in the Transamerica® ALPHA Wrap Fee Program Brochure (Form ADV Part 2A Appendix 1). Clients and prospective clients will receive, and should review, a copy of Betterment's Form ADV Part 2A ("Betterment Disclosure Brochure") which contains additional information regarding Betterment's services, processes, and policies.

Clients and prospective clients should understand that the Transamerica® ALPHA program is a digital offering and that the primary method of communicating with clients and providing clients' investment advice will be through the Transamerica® ALPHA website, mobile applications, or other digital interfaces that we may make available from time to time.

- **Transamerica I-Series® Program**

TFA is the sponsor of and one of several Model Managers within the Transamerica I-Series® Program. Transamerica I-Series® is a wrap fee program which uses strategic, tactical, and alternative asset allocation model portfolios to establish an individualized model portfolio in accordance with your particular investment objectives and risk tolerance. Within Transamerica I-Series® you may select from multiple model portfolios allowing you to pursue different investment strategies within a single account. Depending upon the model portfolios selected, the underlying assets can consist of, but are not necessarily limited to, individual stocks and bonds, mutual funds, and ETPs (collectively "Investment Products"). Each Transamerica I-Series® client owns the underlying securities in his or her account.

TFA Advisors have multiple advisory service programs to offer; however, the Transamerica I-Series® Program is now closed to new investors and is not available to all Advisors.

- **Transamerica® APEX Wealth Management Platform**

The Transamerica® APEX Wealth Management Platform (“Transamerica® APEX”) is a program that offers clients access to a fee-based investment management program.

Transamerica® APEX is available to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. TFA has entered into an agreement with Envestnet Asset Management, Inc. (“Envestnet”), whereby TFA will administer and sponsor Transamerica® APEX using Envestnet’s internet-based platform.

Within Transamerica® APEX, you may select from multiple model portfolios allowing you to pursue different investment strategies within a single account. Depending upon the model portfolios selected, the underlying assets can consist of, but are not necessarily limited to, individual stocks, bonds, mutual funds, and ETPs (collectively “Investment Products”). Within each Transamerica® APEX model portfolio, the client owns the underlying securities in his or her account.

Charles Schwab is the broker-dealer and the primary custodian for your accounts.

Additional information about Transamerica® APEX can be found in the Transamerica® APEX Program Brochure (Form ADV Part 2A Appendix 1).

- **Third Party Unaffiliated Investment Advisors**

TFA may act as a sub-advisor to unaffiliated investment advisor firms and/or enter an arrangement as an approved money manager in an advisory platform or program sponsored by the unaffiliated investment advisor.

For clients of this unaffiliated investment advisor, TFA may manage models or portfolios by allocating assets among various mutual funds or exchange traded funds (together “funds”) on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “investment strategy”). In doing so, TFA may cause the unaffiliated investment advisors’ platform to buy, sell, exchange and/or transfer shares of funds based upon the investment strategy.

The process for removing TFA as a sub-advisor or money manager on a Platform



must comply with the procedures established by the Platform sponsor. Typically, such procedures will be detailed in the Platform Client Services Agreement. Therefore, please refer to the Platform Client Services Agreement and other materials for specific procedures to remove TFA as a sub-advisor.

### Types of Investments

Within each of the advisory services described above, specific securities to be used are determined by the selected TPMM or Model Manager.

TFA Advisors may provide assistance to the client by explaining any special instructions for the management of the assets in an account; in understanding the investment management process, investment objectives, any applicable securities restrictions, and the investment strategies undertaken as part of the service; in reviewing and completing the written or electronic materials required by each program; in monitoring reports, statements and performance results; in monitoring the client's ongoing needs and financial situation; and in answering questions about the service.

### Assets under Management

As of December 31, 2021, TFA had approximately \$2.1 billion in assets under management.

## ITEM 5 – FEES AND COMPENSATION

TFA charges fees for our advisory services. The fees we charge differ among our programs. You will find specific detail for each service below. You should examine carefully your advisory service agreement for the advisory program you select. It provides greater detail with respect to the fees and charges that you will pay for the program you have selected.

<i>Name of Program</i>	<i>Fees are Negotiable between You &amp; Your Advisor</i>	<i>Deduct Fees from Your Account</i>	<i>Other Expenses Charged to Your Account<sup>1</sup></i>	<i>Annual Advisory Fee Breakpoints Offered</i>	<i>Total Annual Advisory Fees Charged</i>
<b>Third-Party Money Management Programs (non-Variable Product)<sup>2</sup></b>	Yes	Specific to the third-party money manager (Please refer to their Form ADV Part 2A).	Dependent on the third-party money manager program selected.	Specific to the third-party money manager (Please refer to their Form ADV Part 2A).	Not to exceed 2.60%

<b>Third-Party Money Management Programs (Variable Product)<sup>2</sup></b>	Yes	Specific to the third-party money manager (Please refer to their Form ADV Part 2A).	Dependent on the third-party money manager program selected and Variable product expenses as described in your product prospectus. <sup>3</sup>	Specific to the third-party money manager (Please refer to their Form ADV Part 2A).	Not to exceed 1.20% <sup>3</sup>
<b>Transamerica® ONE Wealth Management Platform</b>	Yes	Monthly in arrears.	Please refer to Transamerica® ONE Wrap Fee Brochure for additional fee information.	Yes	Not to exceed 2.0%
<b>Employee Retirement Services</b>	Yes	Specific to selected platform. Please refer to the provider's fee disclosure document.	Specific to selected platform. Please refer to the provider's fee disclosure document.	Specific to Employee Retirement Services provider.	Not to exceed 1.10% <sup>4</sup>
<b>Transamerica® ALPHA Program</b>	Yes	Monthly in arrears.	Please refer to Betterment's Wrap Fee Brochure for additional fee information.	Yes	0.65% - 0.95% <sup>5</sup>
<b>Transamerica I- Series® Program</b>	No, however Advisor may waive the advisory fee	Monthly in arrears.	Accounts under \$100,000 are charged a quarterly fee of \$25.	Yes	Not to exceed 2.50%

<b>Transamerica ® APEX Wealth Management Platform</b>	Yes	Monthly in arrears.	Please refer to Transamerica® APEX Brochure for additional fee information.	Yes	Not to exceed 2.90% 6
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<sup>1</sup> Client may also incur certain charges imposed by third parties other than TFA and Advisor in connection with investments made through client's account, including, without limitation, the following types of charges which are generally charged by mutual funds and fully disclosed in the prospectus for each fund: 12(b)-1 fees, management fees and administrative servicing fees, other transaction charges and service fees, and IRA and Qualified Retirement Plan fees.

Some mutual fund share classes that TFA makes available to clients on its platforms charge a distribution fee pursuant to Rule 12(b)-1 under the Investment Company Act of 1940, also known as trails.

The Model Managers on the Transamerica® ONE Wealth Management Platform maintain a practice of purchasing the lowest cost mutual fund share class available through our custodian, Folio, which, in certain instances, pay 12(b)-1 fees. TFA does not receive any of these 12(b)-1 fees; rather, such fees are received and retained by Folio. TFA requires Model Managers to periodically attest that they are purchasing the lowest cost share class available for model portfolios on this platform.

For accounts held at a TPMM, the lowest cost mutual fund share class available will be purchased. In certain instances, the share classes purchased by the TPMM will pay 12(b)-1 fees. TFA does not receive these fees. Rather, they are either received by the TPMM and subsequently rebated to the customer or are retained by the custodian.

For self-directed brokerage accounts managed by The Pacific Financial Group ("TPFG"), in lieu of charging an advisory fee, TPFG purchases mutual fund share classes that pay 12(b)-1 fees. A percentage of these fees are paid to TFA, who will pay a portion of these fees to the Advisor. TPFG only has one share class available, therefore, you will invest in the lowest cost share class available.

For accounts on the Retirement Plan Exchange, Transamerica Retirement Solutions (TRS), an affiliate of TFA, will not always purchase the lowest cost mutual fund share class available. TRS does receive 12b-1 fees in connection with these services. TFA does not receive any portion of these 12b-1 fees from TRS.

<sup>2</sup> TFA's Advisors do not establish the specific fee charged by the TPMM recommended by the Advisor. TFA's Advisors also do not establish the termination procedures for the TPMM recommended by the Advisor. Clients pay advisory fees directly to the TPMM and the TPMM in turn compensates TFA. TFA pays a portion of this fee to its Advisors. TFA does not mark up the fees charged by the TPMM. For accounts previously established when TFA operated in a solicitor capacity, clients would have been furnished a Disclosure Statement that described the fee paid to TFA by the TPMM. TPMMs will typically require that Clients authorize automatic fee deduction from the advisory account. In many

*cases, the TPMM will also charge fees on cash positions held within client accounts. Clients should refer to the TPMM's Form ADV Part 2A or other Disclosure Brochure for a complete discussion of the fees and termination procedures associated with the advisory program in which they will participate.*

*All fees paid by a client to a TPMM for model portfolio management services are separate and distinct from the fees and expenses which may be charged by investment companies such as mutual fund and exchange traded product fees and expenses. Such fees and expenses will generally include, but are not limited to, a management fee, other fund operating expenses, distribution fees, and/or administrative fees. You may pay an initial or deferred sales charge or surrender fee if the fund also imposes sales charges or surrender fees.*

*Participation in TPMM advisory services offered through TFA may cost you more than purchasing similar services directly from a TPMM. However, certain TPMM services may not be offered directly to clients and may only be available through an introducing Investment Advisor such as TFA.*

*The Advisor's portion of your total fee will be in addition to the TPMM's fee which can be found in the TPMM's Form ADV Part 2A or other Disclosure Brochure. Your total fee may be charged monthly or quarterly in arrears or in advance depending on the TPMM. Also, other fees such as plan establishment fees, plan conversion fees, and plan administration and compliance fees may be applicable, and will be disclosed in the account establishment documentation.*

*<sup>3</sup> The Annual Advisory Fee does not represent those fees and expenses charged by the variable product issuer such as Mortality and Expense, Administrative Charges, and Product Rider or Enhancement Charges, or Variable Subaccount Operating Expenses. For a more complete description of these fees and expenses, please refer to your variable product account establishment paperwork and prospectus(es).*

*<sup>4</sup> For retirement plans, the Advisor's target fee range will be between 0.05% and 0.50% annually. In some instances, the fee may be higher than the target range, but will not exceed 1.10%.*

*<sup>5</sup> The Total Annual Advisory Fee charged will be higher than the fees charged by other investment advisors for similar services. For instance, Betterment, LLC offers direct-to-consumer services similar to Transamerica® ALPHA. Therefore, clients would pay a lower advisory fee for algorithm-driven, automated ("Digital Advisor") investment advisory services by going direct to Betterment, LLC or other similar Digital Advisors. TFA reserves the right to waive or lower the fee in certain cases.*

*<sup>6</sup> The Annual Advisory Fee does not represent those fees and expenses charged by Charles Schwab, which is the custodian where your account is held. Please refer to the Charles Schwab Pricing Guide, which is available from your advisor upon request, for additional details on custodial fees and expenses.*

*Some mutual fund share classes that TFA makes available to clients on its platforms charge a distribution fee pursuant to Rule 12b-1 under the Investment Company Act of 1940, also known as trails. The Model Managers on the Transamerica® APEX Wealth Management Platform*

*maintain a practice of purchasing the lowest cost mutual fund share class available through the custodian, Charles Schwab, which, in certain instances, pay 12b-1 fees. TFA does not receive any of these 12b-1 fees; rather, such fees are received and retained by Charles Schwab.*

*Envestnet strives to choose the lowest-priced share class available for all Envestnet proprietary strategies, such as the PMC Strategies. Envestnet does not negotiate shareclass availability on behalf of entities or their clients, nor does Envestnet take responsibility for the management and review of client accounts for share class usage.*

*Clients should consult with their Advisor for share-class specific guidance. The availability of mutual funds, ETFs, and other products in a Program, including applicable share classes, is determined by the Client in discussion with their Advisor.*

*For smaller accounts under \$50,000, a minimum annual account fee of \$75 will apply to the total client fee or fees charged by the custodian. Minimum accounts fees are expressed in annual amounts but are determined and assessed based on the account asset value at the end of each month. For example, if an account has a \$75 minimum annual account Program Fee, it will be assessed a minimum of \$6.25 every month in arrears based on the average daily balance of the account during the previous calendar month. Therefore, if a client has large asset inflows or outflows during the year that cross the minimum asset value threshold, it is possible for an account to be assessed a minimum fee for a particular month even if at the end of the year a look back over the account's average balance for the entire year would have placed it above the minimum asset value threshold.*

*Clients with multiple accounts in Transamerica® APEX DO NOT receive a breakpoint on the combined assets in all accounts.*

#### Additional Information about Third-Party Money Management Programs

Depending on your account balance and/or model portfolios selected within the Third-Party Money Management programs available through TFA, the same or similar investment management strategies or model portfolios may be available within Transamerica® ONE at different pricing levels which may be more or less expensive to you.

The TPMMs may use other custodians such as, but not limited to, Schwab, Pershing, or Fidelity. These custodians will deduct the advisory fee directly from your account or, if you have more than one account, from the account you have designated for payment of your advisory fees. Please refer to your account establishment paperwork, custodial account paperwork, and/or TPMM's Form ADV Part 2A or similar Disclosure Brochure for additional details on fees and expenses.

You will receive periodic financial statements (or notification that your financial

statements are available to view online) directly from your account custodian. These statements will show all transactions, positions, and credits/debits (deposits/withdrawals) in your account. These statements will reflect deductions for advisory fees paid by you.

#### Transamerica® ONE Wealth Management Platform

For accounts opened within Transamerica® ONE, TFA has established the following fee schedule for our Advisors:

<u>Account Balance</u>	<u>Advisor Fee*</u>
\$0.00 to \$250,000	1.10%
\$250,001 to \$500,000	1.00%
\$500,001 to \$1,000,000	0.90%
\$1,000,001 to \$2,000,000	0.80%
Over \$2,000,000	0.70%

*\*Represents annual fees for services and advice provided by your Advisor as a percentage of assets under management. Discounts may be negotiated in certain circumstances. For clients with multiple accounts in Transamerica® ONE, the applicable account balance will be determined based on the combined assets in all accounts within Transamerica® ONE by the client with matching primary social security numbers.*

The total client fees for Transamerica® ONE includes the Advisor's fee, the Portfolio Management fee, and Platform fee, the total of which ranges from 1.60% to 2.00% annually depending on the model portfolio(s) selected and the amount invested. These fees may be lower for larger accounts. All fees are billed monthly, in arrears, and are calculated by the custodian using the account's average daily balance for the preceding month. All securities and cash positions held within Transamerica® ONE is considered billable assets.

Depending on your account balance and/or model portfolios selected within Transamerica® ONE, the same investment management strategies or model portfolios may be available within the Third-Party Money Management programs available through TFA at different pricing levels which may be more or less expensive to you.

Please refer to the account establishment paperwork for Transamerica® ONE for additional details on aggregating fees and expenses.

#### Transamerica® ALPHA Wrap Fee Program

For accounts opened within Transamerica® ALPHA, TFA has established the following fee schedule for our Advisors:

<b>Program</b>	<b>Assets Billed</b>	<b>Client's Total Fee</b>	<b>Betterment's Portion of Total Fee</b>	<b>TFA's Portion of Total Fee</b>
Transamerica® ALPHA Standard	All Assets	0.65%	0.25%	0.40%
Transamerica® ALPHA Premier	First \$10,000.00 <sup>1</sup> All assets over \$10,000.00+ <sup>1</sup>	0.65% 0.95% <sup>2</sup>	0.25% 0.25%	0.40% 0.70%

<sup>1</sup> For clients with multiple accounts in Transamerica® ALPHA, the applicable program will be determined based on the combined assets in all accounts within Transamerica® ALPHA by the client with matching social security numbers ("SSN"). For joint account with multiple SSN's, all accounts with a matching SSN will be included as part of the combined assets calculation. For trust accounts, all accounts matching the trustee's SSN (not the trust's Federal tax ID number) will be included as part of the combined assets calculation.

<sup>2</sup> The Client's total fee within the Transamerica® ALPHA Premier program may be negotiable.

TFA will pay the Advisor a portion of its fee according to a compensation grid that may change from time to time. The amount of this compensation may be higher than the fees charged by other investment advisor firms for similar services. For instance, Betterment, LLC offers direct-to-consumer services similar to Transamerica® ALPHA. Therefore, clients would pay a lower advisory fee for algorithm-driven, automated ("Digital Advisor") investment advisory services by going direct to Betterment, LLC, or other similar Digital Advisors.

The relative cost of the Transamerica® ALPHA program is affected by such factors as the administrative costs associated with wrap fee arrangements, the fees charged when investment adviser and brokerage services are purchased separately, and the size of a client's Account and the level of trading activity in a client's Account.

The Wrap Fee does not include certain fees and charges associated with securities transactions, including the following: (i) charges imposed by law; and (ii) internal charges and fees associated with ETPs (clients indirectly pay a pro-rata portion of such fees, which are in addition to the fees paid to TFA under the program).

All fees paid to TFA, or Betterment are separate and distinct from the fees and expenses charged by ETPs to their shareholders. These fees and expenses are described in each ETP's prospectus. All ETPs held within the Transamerica® ALPHA account have ongoing expenses that will impact the return received by the client's account. The ongoing expenses include management fees, distribution expenses, shareholder servicing, and other similar fees and are automatically deducted by the ETP daily. The ETPs charges and expenses are subject to change. An explanation of the ETP charges and expenses is

documented in each ETP's prospectus. Clients should read each ETP's prospectus.

The total fees charged under the Transamerica® ALPHA program may be higher than what another investment adviser firm would charge for a similar combination of services if the investment advisory and securities brokerage services were provided separately. The relative cost of the Transamerica® ALPHA program is affected by such factors as the administrative costs associated with wrap fee arrangements, the fees charged when investment adviser and brokerage services are purchased separately, the size of a client's Account, and the level of trading activity in a client's Account.

Please refer to the account establishment paperwork for Transamerica® ALPHA for additional details on aggregating fees and expenses.

#### Transamerica® APEX Wealth Management Platform

For accounts opened within Transamerica® APEX, TFA has established the following feeschedule for our Advisors:

<u>Account Balance</u>	<u>Advisor Fee*</u>
\$0.00 to \$250,000	1.10%
\$250,001 to \$500,000	1.00%
\$500,001 to \$1,000,000	0.90%
\$1,000,001 to \$2,000,000	0.80%
Over \$2,000,000	0.70%

*\*Represents annual fees for services and advice provided by your Advisor as a percentage of assets under management. Discounts may be negotiated in certain circumstances.*

The total client fees for Transamerica® APEX include the Advisor's fee, the Portfolio Management fee, and Platform fee, the total of which ranges from 1.50% to 2.90% annually depending on the model portfolio(s) selected and the amount invested. These fees may be lower for larger accounts. All fees are billed monthly, in arrears, and are calculated by the custodian using the account's average daily balance for the preceding month. All securities and cash positions held within Transamerica® APEX are considered billable assets.

The total client fees for Transamerica® APEX does not cover certain charges associated with securities transactions in a clients' account including: (i) dealer markups, markdowns or spreads charged on transactions in over-the-counter securities; (ii) costs relating to trading incertain foreign securities; (iii) the internal charges and fees that are imposed by any Funds, (such as fund operating expenses, management fees, redemption fees, 12b-1 fees and other fees and expenses. Further information regarding charges and fees assessed by Funds may be found in the appropriate prospectus or offering



document) or other regulatory fees; (iv) brokerage commissions or other charges imposed by broker-dealers or entities other than the custodian if and when trades are cleared by another broker-dealer; (v) the charge to carry tax lot information on transferred mutual funds or other investment vehicles, postage, and handling charges, returned check charges, transfer taxes; stock exchange fees or other fees mandated by law, and (vi) any brokerage commissions or other charges, including contingent deferred sales charges ("CDSC"), imposed upon the liquidation of "in-kind assets" that are transferred into the Clients' account.

With respect to this latter type of charge, Envestnet will liquidate such assets transferred into a Clients' account typically upon receipt. Clients should thus be aware that if they transfer in-kind assets into an account, Envestnet will liquidate such assets immediately or at a future point in time unless explicit special instructions are received from the Client prior to funding. Both Envestnet and TFA do not assume best execution obligations for securities not yet invested under the Program. Assets being sold to fund an account on the Platform may incur losses, and/or a brokerage commission or other charge, including a CDSC. Clients also may be subject to taxes when Envestnet liquidates such assets. Accordingly, Clients should consult with their financial representative and tax consultant before transferring in-kind assets into a Program.

Envestnet strives to choose the lowest-priced share class available for all Envestnet proprietary strategies, such as the PMC Strategies. Envestnet does not negotiate share class availability on behalf of entities or their clients, nor does Envestnet take responsibility for the management and review of Client accounts for share class usage.

Clients should consult with their Advisor for share-class specific guidance. The availability of mutual funds, ETFs, and other products in a Program, including applicable share classes, is determined by the Client in discussion with their Advisor. In addition to the redemption fees previously described, a client may incur redemption fees when the portfolio manager to an investment strategy determines that it is in the Client's overall interest, in conjunction with the stated goals of the investment strategy, to divest from certain Funds prior to the expiration of the minimum holding period of the Funds. Some mutual funds also assess redemption fees to investors upon the short-term sale of its funds. Depending on the mutual fund, this may include sales for rebalancing purposes. Please see the prospectus for the specific mutual fund for detailed information regarding such fees.

The total client fee does not cover certain custodial fees that may be charged to Clients by the Custodian. Clients also may be charged for specific account services, such as ACAT transfers, electronic fund, and wire transfer charges, and for other optional services elected by Clients. Accounts may be subject to transaction-based ticket charges assessed

by the custodian for the purchase of certain mutual funds, including possible fund surcharges. Similarly, the Program Fee does not cover certain non-brokerage-related fees such as individual retirement account (“IRA”) trustee or custodian fees and tax-qualified retirement plan account fees and annual and termination fees for retirement accounts (such as IRAs).

In connection with a client’s investment in ADRs, the Client could incur additional expenses and fees that are not included in the fees charged by Envestnet. For example, ADRs could be subject to dividend withholding taxes from the country of origin, which are an additional expense and reduce the dividend paid to the Client. The Client or Client’s custodian is responsible for filing the appropriate forms/filings in the foreign country to reclaim any dividend withholding. In addition, paying agents who process ADR dividend payments to a client will assess a fee for their services, which also reduces the dividend paid to the Client.

For smaller accounts under \$50,000, a minimum annual account fee of \$75 will apply to the total client fee or fees charged by the custodian. Minimum accounts fees are expressed in annual amounts but are determined and assessed based on the account asset value at the end of each month. For example, if an account has a \$75 minimum annual account Program Fee, it will be assessed a minimum of \$6.25 every month in arrears based on the average daily balance of the account during the previous calendar month. Therefore, if a client has large asset inflows or outflows during the year that cross the minimum asset value threshold, it is possible for an account to be assessed a minimum fee for a particular month even if at the end of the year a look back over the account’s average balance for the entire year would have placed it above the minimum asset value threshold.

Depending on your account balance and/or model portfolios selected within Transamerica® APEX, the same investment management strategies or model portfolios may be available within the Third-Party Money Management programs available through TFA at different pricing levels which may be more or less expensive to you.

Please refer to the account establishment paperwork for Transamerica® APEX for additional details on fees and expenses and the Charles Schwab Pricing Guide, which is available from your advisor upon request.

#### Additional Information on Third Party Unaffiliated Investment Advisors

Clients invested in the I-Series strategies made available on a platform or program sponsored by an unaffiliated investment advisor will pay an annualized investment management fee to Transamerica Financial Advisors not to exceed 0.60% of the assets under TFA’s management. Depending on the program, the TFA fee will either be charged in addition to the overall program fee charged to a client or included in the program fee

charged to the client.

In accordance with the program sponsor's billing arrangements, TFA may provide the program sponsor, broker-dealer, or account custodian a quarterly invoice. TFA's fees are then billed and collected by the program sponsor, broker-dealer, or account custodian and remitted directly to TFA. Clients should refer to the program sponsor's disclosure brochure and contract for a full description of all fees and billing arrangements related to the program.

Alternatively, fees for accounts managed by TFA on a broker-dealers or custodian's platform may be calculated and collected by the platform sponsor and remitted to TFA. In those cases, any other fees, or costs, such as a platform fee or trading costs, is deducted and retained by the sponsor. TFA does not receive such fees.

### **Refunds**

For clients with assets managed within Third-Party Money Management Programs, please refer to the termination provisions and, if applicable, fee refund provisions in your TPMM advisory service agreement, account opening paperwork, and/or Form ADV Part 2A or similar Disclosure Brochure.

For clients receiving investment advisory services on variable products who terminate their advisory relationship with us or their selected TPMM, your assets will remain under the custody of the issuing insurance company or the issuing insurance company's designated custodian. You should refer to the termination provisions and, if applicable, fee refund provisions in your TPMM's advisory service agreement, account opening paperwork, and/or Form ADV Part 2A or similar Disclosure Brochure.

For clients with assets in Transamerica® ONE and or Transamerica I-Series®, the client services agreement will continue in effect until you or TFA terminates it by giving written notice to the other. The client services agreement will also terminate should the agreement between TFA and Folio terminate. Upon termination, neither TFA, Advisor, Folio nor any of the Model Managers will have any obligation to recommend or take any action regarding the securities, cash, or other investments in your Transamerica® ONE account. Upon termination of the client services agreement with TFA, your account assets held within your Transamerica® ONE account will remain under the custody of Folio until you provide the required account transfer instructions to Folio.

For clients with assets in Transamerica® ALPHA, the client services agreement will continue in effect until you or TFA terminates it by giving written notice to the other. The client services agreement will also terminate should the agreement between TFA and Betterment terminate. Upon termination, neither TFA, nor your Advisor, will have any

obligation to recommend or take any action regarding the securities, cash, or other investments in your Transamerica® ALPHA account. Upon termination of the client services agreement with TFA, your account assets held within your Transamerica® ALPHA account will remain under the custody of Betterment until you provide the required account transfer instructions to Betterment.

For clients with assets in Transamerica® APEX, the client services agreement will continue in effect until you or TFA terminates it by giving written notice to the other. The client services agreement will also terminate should the agreement between TFA and Envestnet terminate. Upon termination, neither TFA, nor your Advisor, will have any obligation to recommend or take any action regarding the securities, cash or other investments in your Transamerica® APEX account. Upon termination of the client services agreement with TFA, your account assets held within your Transamerica® APEX account will remain under the custody of CharlesSchwab until you provide the required account transfer instructions to Charles Schwab.

### **Changes in Fees**

TFA, upon 30 days prior notice to clients, may revise the advisory fee or other miscellaneous fees, including in a way that may cause the fees payable by the client to increase. A client will be deemed to have approved a fee change unless he or she objects to the fee change by sending written notice to TFA within 30 days from the date of the fee increase notification. We further reserve the right to negotiate, discount or waive any fees associated with an advisory program in general or payable by any client or group of clients in TFA's sole discretion. Furthermore, TFA employees and employees of affiliates may be entitled to fee discounts by virtue of their employment.

### **Conflicts of Interest**

#### Transamerica® ALPHA Digital Investment Program

TFA and your Advisor will receive a portion of your total fee for our ongoing advisory, administrative, and marketing services related to the program.

Two service model options are available to clients: a Standard Service Model priced at 0.65% and a Premier Service Model priced at 0.95% on assets \$10,000 and above and 0.65% for assets below \$10,000 (based on the combined assets in all accounts within Transamerica® ALPHA by the client). Of the 0.65% in the Standard and Premier Service Models, TFA will receive an annualized fee of 0.40% for its investment advisory, administrative, and other services and Betterment will receive 0.25%.

Of the 0.95% in the Premier Service Model, TFA will receive an annualized fee of 0.70% and Betterment will receive 0.25%.

The Total Annual Advisory Fee charged may be higher than the fees charged by other investment advisor firms for similar services. For instance, Betterment, LLC offers direct-to-consumer services similar to Transamerica® ALPHA. Therefore, clients would pay a lower advisory fee for algorithm-driven, automated (“Digital Advisor”) investment advisory services by going direct to Betterment, LLC, or other similar Digital Advisors. TFA reserves the right to waive or lower the fee in certain cases.

#### Transamerica® ONE Wealth Management Platform

TFA is the sponsor of and one of several Model Managers within the Transamerica® ONE program. TFA may earn additional compensation that it would not otherwise earn when you elect to participate in the Transamerica® ONE program as opposed to other investment management or similar advisory service programs.

Transamerica® ONE is a wrap fee program which uses strategic, tactical, and alternative asset allocation model portfolios to establish an individualized model portfolio in accordance with your particular investment objectives and risk tolerance. Depending upon the model portfolios selected, types of investments used can consist of, but are not limited to, individual stocks, mutual funds, and ETPs (collectively “Investment Products”). Due to TFA’s advisory service fees within the Transamerica® ONE program, you may be able to purchase such investment products in other accounts or programs at a lower cost than participating in the model portfolios available to you in this program. Additionally, TFA is the Model Manager for the Transamerica I-Series® model portfolios available within Transamerica® ONE. Transamerica I-Series® model portfolios use strategic, tactical, and alternative asset allocation model portfolios to establish an individualized model portfolio in accordance with particular investment objectives and risk targets.

Within Transamerica® ONE, you may select multiple model portfolios allowing you to pursue different investment strategies within a single account. Within each Transamerica® ONE model portfolio, the client owns the underlying securities in his or her account.

TFA also offers Transamerica® Strategy Solutions which are a suite of risk-based allocations to strategies in the Transamerica® One platform. There are five allocations, one for each of the five risk categories. Transamerica® Strategy Solutions are intended for clients whose primary focus is achieving a level of risk in the overall portfolio’s that matches the client’s targeted risk level.

#### Transamerica I-Series® Program

TFA is the sponsor of and one of several Model Managers within the Transamerica I-Series® program. TFA may earn additional compensation that it would not otherwise earn

when you elect to participate in the Transamerica I-Series® program as opposed to other investment management or similar advisory service programs.

Transamerica I-Series® is a wrap fee program which uses strategic, tactical, and alternative asset allocation model portfolios to establish an individualized model portfolio in accordance with your particular investment objectives and risk tolerance. Depending upon the model portfolios selected, you may be invested in various Investment Products. Due to TFA's advisory service fees and management fees within the Transamerica I-Series® program, you may be able to purchase such investment products in other accounts or programs at a lower cost than participating in the model portfolios available to you in this program.

#### Transamerica® APEX Wealth Management Platform

TFA and your Advisor will receive a portion of your total fee for our ongoing advisory, administrative, and marketing services related to the program.

Transamerica® APEX is a program which uses strategic, tactical, and alternative asset allocation model portfolios to establish an individualized model portfolio in accordance with your particular investment objectives and risk tolerance. Depending upon the model portfolios selected, types of investments used can consist of, but are not limited to, individual stocks, mutual funds, and ETPs (collectively "Investment Products"). Due to TFA's advisory service fees within the Transamerica® APEX program, you may be able to purchase such investment products in other accounts or programs at a lower cost than participating in the model portfolios available to you in this program.

Within Transamerica® APEX, you may select multiple model portfolios allowing you to pursue different investment strategies within a single account. Within each Transamerica® APEX model portfolio, the client owns the underlying securities in his or her account.

#### Variable Annuity Advisory Program

TFA recognizes that some clients desire to have additional assistance with the management of their variable annuity's sub-account allocations. As a result, Advisors can offer these clients additional allocation assistance through various Third-Party Money Manager relationships.

In cases in which the underlying variable product is not a no-load/non-commissionable VAproduct, the compensation payments associated with these products, present a conflict of interest. Variable products may have previously been sold to you through your Advisor while they were acting in the capacity of a Registered Representative of TFA's registered broker-dealer. In such cases, some variable products may have paid a commission on the

initial sale of the variable product to TFA which would have been shared with the Registered Representative. If you subscribed to TFA's Third-Party Money Management Programs (Variable Product) prior to January 1, 2014, your Advisor may have received: (1) the commissions paid, including any ongoing trail compensation, on the original sale of the variable product and (2) the ongoing advisory fees paid for the investment management services offered in this program.

To reduce the potential conflict of interest, TFA and its Advisors would not have accepted or applied any advisory fees for the investment management services offered for a period of three years after TFA and/or its Advisors received commission compensation on the sale of your variable product as a registered broker-dealer or Registered Representative. However, if you chose to participate in TFA's Third-Party Money management Program (Variable Product) through a Third-Party Money Manager recommended by your Advisor, the Third-Party Money Manager may still have charged advisory fees for the investment management services offered by such Third-Party Money Manager regardless of any commission compensation paid to TFA or its Advisors during any time period.

#### Sale of Other Financial Products

Your Advisor may also be able to offer you fixed insurance products through his or her affiliation with World Financial Group Insurance Agency ("WFGIA"). If you purchase non-variable insurance contracts from your Advisor acting in his or her capacity as a WFGIA Agent, you may pay a normal and customary insurance commission for the purchase of the product. In these cases, your Advisor may receive a commission as an insurance agent of WFGIA. Such commission is paid to the applicable Advisor, as an insurance agent, from the issuer of the insurance product through WFGIA. Receipt of these commission payments creates a conflict of interest. The Advisor has an incentive to recommend certain non-variable insurance contracts that are available through his or her affiliation with WFGIA for which the Advisor may receive greater compensation instead of certain investment advisory services through TFA that may be more suitable for you.

TFA is also registered as a broker-dealer. This allows the Advisor to recommend the purchase of commission-based securities products to clients. The compensation paid on these products may be greater than the compensation on investment advisory services, which would create a conflict of interest for the Advisor.

TFA endeavors to mitigate the risks associated with this conflict by providing training and guidance to its Advisors.

#### Retirement Plan Exchange

The Retirement Plan Exchange is available through an agreement between TFA and Transamerica Retirement Solutions ("TRS") which is administered by TAG Resources ("TAG"), a third-party administrator and 3(16) fiduciary. TFA is not affiliated with TAG. In

connection with the provision of retirement plan services for the Client within the Exchange, you may be able to purchase less expensive share classes of mutual funds in other accounts or programs than the ones currently being used in the Exchange.

TRS will not always purchase the lowest cost mutual fund share class available. TRS does receive 12b-1 fees in connection with these services. TFA does not receive any portion of these 12b-1 fees from TRS.

TFA and TRS are affiliated companies under common control. The parent company for TFA and TRS will receive additional compensation if TRS is selected by the client.

#### Additional Conflicts of Interest

Summit Global Investments, LLC, an unaffiliated third-party money management firm and independent investment adviser registered with the Securities and Exchange Commission, has entered into an agreement with TFA to provide certain investment advisory services to TFA clients. Richard Thawley is registered with one or more of TFA's affiliated insurance companies/agencies with which TFA conducts business. However, Mr. Thawley is not registered with the broker-dealer or investment advisor of TFA. Mr. Thawley is a private investor in Summit Global and will benefit from business referred to Summit Global by TFA Advisors. Mr. Thawley's access to TFA Advisors could lead to certain Advisors being influenced to recommend Summit Global to clients. We resolve this conflict by monitoring the appropriateness of the recommendations made to you by our Advisors on all products you purchase.

In certain cases, TPMMs and other service providers may pay TFA marketing compensation. The amount and terms of this marketing compensation may increase or decrease from time to time. Any additional marketing compensation paid by the TPMMs or other service providers to TFA will not affect your account, the services provided to you, the fee for advisory services that you pay to the TPMM or other service provider, or the compensation paid by TFA to your Advisor. The existence of a marketing compensation agreement with TPMMs or other service providers can create a conflict of interest for your Advisor and TFA. TFA will earn more revenue due to such marketing compensation agreements, and the Advisor may indirectly benefit from this additional revenue through different educational and marketing initiatives conducted by TFA.

Each of the TPMMs or other service providers that have marketing and referral arrangements with TFA may attend, contribute to, or sponsor education and training meetings for our Advisors. A TPMM or other service provider may reimburse TFA for up to 100% of the cost of these meetings. These contributions and reimbursements create a conflict of interest because meeting sponsors have more opportunities to provide Advisors with education on investments, their investment management services, industry trends, and other issues; and because TFA benefits from these contributions and



reimbursements.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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TFA does not charge advisory fees based on a share of the capital gains on or capital appreciation of funds or securities in your account. These fees are also called performance-based fees. TFA's advisory fee compensation is charged only as disclosed above in Item 5.

## ITEM 7 – TYPES OF CLIENTS

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TFA provides investment advisory services to individuals, high-net worth individuals, employer retirement plans, corporations or other businesses, trusts, estates and charitable organizations. Certain programs available through us have minimum investment amounts starting at \$10.00, however, this minimum may vary depending on the account program selected by you. TPMMs selected by you have discretion to waive an account minimum depending on the account program and if you have other related accounts managed by the TPMM. Employer retirement plans, such as 401K plans, can in certain cases be opened with no account minimum. In the Transamerica® ALPHA Program, the minimum dollar amount to establish and invest in a diversified portfolio is \$10.00.

TFA has established conditions for opening and maintaining advisory accounts. Specifically, advisory clients must complete a Customer Account Information form, Advisory Profile, or Institutional Profile form. These forms will provide us with information such as name, address, date of birth and other information used to identify you. TFA may use third-party sources to verify and/or update the information provided and may also request to see your driver's license or other identifying documents.

The Advisor may also act as a sub-advisor to unaffiliated investment advisor firms and/or enter into an arrangement as an approved money manager in an advisory program sponsored by the unaffiliated investment advisor.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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### **Third-Party Money Manager Programs**

Advisors may assist you in selecting a TPMM whose investment strategies suit your needs and financial objectives. Assistance may also be provided to you in explaining the differences among the TPMMs available. Advisors may also provide assistance to you by explaining any special instructions for the management of the assets in your account; in understanding the investment management process, investment objectives, and the investment strategies undertaken as part of the service; in reviewing and completing the

electronic or written materials required by the TPMM; in monitoring reports, statements and performance results; in monitoring your ongoing needs and financial situation; and in answering questions about the service.

TFA selects TPMMs who are registered investment advisors based upon, but not limited to the following criteria:

- Track record
- Investment strategy
- Disclosure documents, including disciplinary history

The methods of analysis, sources of information and investment strategies used by TPMMs will vary. We encourage you to read each TPMM's Disclosure Brochures, Form ADV Part 2A and any other document you receive prior to entering into an agreement with a TPMM. TPMMs will exercise discretion over your account assets. Certain strategies may involve reinvesting client dividends.

A risk associated with this type of analysis is that past performance is not a guarantee of future results. While a TPMM may have demonstrated a certain level of success in past economic times, the TPMM may not be able to replicate that success in future markets. In addition, just because a TPMM may have invested in a certain manner in past years, such TPMM has discretion to change how it manages its strategies in future years. To mitigate this risk, TFA conducts annual due diligence on the TPMMs to ensure the TPMMs meet compliance and regulatory requirements.

### **Transamerica® ONE Wealth Management Platform**

Additional information related to the method of analysis, investment strategies, and risk of loss relevant to Transamerica® ONE can be found in the Wrap Fee Program Brochure (Form ADV Part 2A Appendix 1).

### **Transamerica® ALPHA Wrap Fee Program**

Additional information related to the method of analysis, investment strategies, and risk of loss relevant to Transamerica® ALPHA can be found in the Wrap Fee Program Brochure (Form ADV Part 2A Appendix 1).

### **Transamerica I-Series® Program**

In the Transamerica I-Series® program ("I-Series Program"), TFA makes available its own proprietary investment model portfolios. These were created using risk/return analysis of historical data that includes multiple market cycles. TFA also analyzes the performance of various asset classes such as equity, fixed income, commodities, real estate, and cash. These asset classes are then broken out into further subsets based on factors such as market capitalization and international and domestic markets. The ETPs for each asset

class or subclass, are selected based on various data including expense ratio, performance history, liquidity, tracking to underlying index, provider diversification and number of holdings. Each asset allocation model portfolio is rebalanced periodically to the targeted asset allocation.

In addition to using our proprietary investment model portfolios in the Transamerica I-Series® Program, TFA has retained independent firms to create asset allocation model portfolios (“Third-Party Model Portfolios”). These independent asset managers are referred to as “Model Managers”. TFA may, from time to time, replace existing Model Managers or hire others to create Third-Party Model Portfolios. The Model Managers are responsible for all investment selections for the model portfolios that they manage. Model Managers will not have direct trading discretion over your model portfolio.

From time to time, Model Managers will update their model portfolios. Once Model Managers make changes to their models, such changes are implemented by TFA leveraging Folio’s technology. Although model changes are not reviewed by TFA prior to implementation.

TFA monitors the performance of the investments in the Third-Party model portfolios on an ongoing basis. Certain strategies may involve reinvesting client dividends.

### **Transamerica® APEX Wealth Management Platform**

Additional information related to the method of analysis, investment strategies, and risk of loss relevant to Transamerica® APEX can be found in the Program Brochure (Form ADV Part 2A Appendix 1).

### **Sponsored Investment Management Platforms**

Transamerica I-Series® strategies typically invest in 5-20 ETPs and/or mutual funds (“funds”). Each of these funds or ETPs invests in 30 -1,000 individual stocks, bonds, futures, or options.

Clients may be assigned to an investment strategy that ranges from I-Series Ultra Conservative, which is primarily invested in bond ETFs and/or funds, to I-Series Aggressive, which is primarily invested in stock ETFs and/or funds.

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in Investment Products involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be

prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

### Investment Strategies

With the exception of the I-Series Managed Risk Strategy, these strategies do NOT have the ability to go up to 100% cash in the event of a market correction. In the event of a market correction, the I-Series Managed Risk Strategy has the ability to move to US Treasuries, which have historically performed well in times of equity market turmoil.

Global equity allocations typically have a material weight to either global sectors (technology, health care, utilities, etc.) or geographical region (U.S., Europe, Emerging Markets, etc.).

Global fixed income allocations can also be concentrated in certain higher risk sectors such as high yield bonds, convertible bonds, emerging market sovereign debt, senior bank loans,

U.S. long term Treasury bonds, or preferred stock.

I-Series Aggressive: In this portfolio, global stocks including Real Estate Investment Trusts ("REITs") typically range from 92% to 100% of assets. A version that substitutes some stocks with commodities is also available. Fixed income and cash are used for the remainder of the portfolio to serve as a hedge against equity losses. This strategy is designed primarily to seek capital appreciation for aggressive investors who can tolerate volatility.

I-Series Moderate Aggressive: In this portfolio, global stocks including REITs typically range from 83% to 87% of assets. Versions with municipal bonds or commodities or both are also available. Fixed income and cash are used for the remainder of the portfolio. This strategy is designed for investors primarily seeking capital appreciation with modest levels of current income as a secondary objective. This strategy is intended for risk-tolerant investors who can tolerate volatility.

I-Series Moderate: In this portfolio, global stocks typically range from 65% to 69% of assets. Versions with municipal bonds or commodities or both are also available. Fixed income and cash are used for the remainder of the portfolio. This strategy is designed for investors primarily seeking capital appreciation with modest current income as a secondary objective. This strategy is intended for investors who can tolerate moderate levels of volatility.

I-Series Moderate Conservative: In this portfolio, global stocks typically range from 46% to 50% of assets. Fixed income and cash are used for the remainder of the portfolio. This strategy is designed for investors primarily seeking current income with capital appreciation as a secondary objective.

I-Series Conservative: In this portfolio, global stocks typically range from 30% to 34% of assets. Fixed income and cash are used for the remainder of the portfolio. This strategy is designed for investors seeking both current income and stability of capital.

I-Series Ultra Conservative: In this portfolio, global stocks are typically less than 20% of assets. Fixed income and cash are used for the large majority of the portfolio. This strategy is designed for investors seeking both current income and capital preservation.

I-Series Global Fixed Income: In this portfolio, global bonds, fixed income and cash are the large majority of the portfolio. This strategy is designed for investors seeking both moderate current income and capital stability.

I-Series Strategic Alternatives Core: The objective of the Strategic Alternative Core Model Portfolio is to provide diversification by using multiple asset classes and alternative strategies and to provide a hedge against inflation while remaining relatively uncorrelated to the equity and fixed income markets. Growth equity exposure serves as a hedge to inflation, while United States sovereign debt is intended to function as a stabilizer in deflationary environments. Uncorrelated alternative asset classes, such as natural resources, precious metals, global real estate and hard currency are incorporated to serve as a hedge against market volatility in unfavorable market conditions.

I-Series Social Impact Growth: The Social Impact Growth model portfolio seeks capital appreciation with modest levels of current income as a secondary objective. This model is designed for investors who can tolerate volatility. The Social Impact Portfolios apply asset allocation models developed by Transamerica Financial Advisors, Inc. (TFA). These allocation models include equity, fixed income and real estate. TFA used mean-variance analysis of several market indexes over multiple economic and market cycles to create the model portfolio. The selection of securities in socially responsible investments are limited to those meeting environmental, social and governance criteria.

I-Series Social Impact Balanced: The Social Impact Balanced model portfolio seeks capital appreciation with current income as a secondary objective. This model is designed for investors who can tolerate fluctuations in market value. The Social Impact Portfolios apply asset allocation models developed by Transamerica Financial Advisors, Inc. (TFA). These allocation models include equity, fixed income and real estate. TFA used mean-

variance analysis of several market indexes over multiple economic and market cycles to create the model portfolio. The selection of securities in socially responsible investments are limited to those meeting environmental, social and governance criteria.

I-Series Social Impact Conservative: The Social Impact Conservative model portfolio seeks current income with capital appreciation as a secondary objective. This model is designed for investors who can tolerate modest fluctuations in market value. The Social Impact Portfolios apply asset allocation models developed by Transamerica Financial Advisors, Inc. (TFA). These allocation models include equity, fixed income, and real estate. TFA used mean-variance analysis of several market indexes over multiple economic and market cycles to create the model portfolio.

The selection of securities in socially responsible investments are limited to those meeting environmental, social and governance criteria.

I-Series Managed Risk: The I-Series Managed Risk Strategy seeks to grow assets through diversified equity exposure while reducing declines in the portfolio by adjusting portfolio allocations. Allocation changes are made when the potential for significant declines in equity markets changes materially.

To estimate the potential of a significant decline in equities, multiple market indicators including third party indicators are considered. When TFA's Portfolio Management committee determines the potential is considered low, a "Risk On" allocation of primarily stocks is preferred. When the potential for equity declines is considered high, a "Risk Off" allocation of bonds is preferred. The goal of changing allocations is to attempt to avoid major equity market declines. Both the "Risk On" and "Risk Off" allocations can be adjusted at the discretion of TFA's Portfolio Management Committee.

### Methods of Analysis

With the exception of the I-Series Managed Risk and US Strategic Growth strategies, TFA investment decisions rely primarily on investing according to a series of long-term asset allocations with various level of risk. These allocations are determined using a method known as "mean variance optimization" which attempts to determine an asset allocation that seeks to achieve the highest historical return for each level of risk. In order to determine these asset allocations, this method uses historical return, historical volatility (as measured by standard deviation) and historical correlation for many diverse global asset classes.

However, there is no guarantee that future returns, volatility, or correlation will be similar to historical returns and so the resulting asset allocations used may be sub-optimal.

The asset classes used in allocations were chosen so that large parts of the global market are represented, and to ensure that positions have differing risk/return/correlation metrics. The client's assignment to a particular strategy will be determined by matching their stated risk tolerance with the historical risk levels of the asset allocations.

### Third Party Research Providers

The I-Series Managed Risk Strategy uses third party research providers to evaluate the potential of a significant decline in the equities market. TFA reserves the right to add or discontinue the use of third-party research providers at any time. TFA retains full discretion over all portfolios it manages.

### **Transamerica® Strategy Solutions**

Transamerica® Strategy Solutions are a suite of risk-based allocations to strategies in the Transamerica® One platform. There are five allocations, one for each of the five risk categories.

### How Strategies are Selected:

One or more strategies were chosen for the following investment categories: Active bonds, active stock, active blends.

Passive bonds, passive stocks, passive blends.

The strategies selected in each category are based on a periodic review of the 1-year, 3-year and 5-year historical performance results. Where possible, the strategies having both the best returns and the lowest downside risk in their investment category were chosen. If a choice must be made between higher return and lower risk, higher returns are preferred when selecting stock strategies while lower historical risks are preferred when selecting bond strategies.

In addition to being used in its own investment category, a blended strategy can (at the discretion of the portfolio management and investment committee) be used as the strategy of choice for a stock or bond category of the same type (active or passive) when it has higher returns and lower risk than the strategy of choice in that category. For example, a passive blend can also be used in the passive bond or passive stock category. However, active strategies cannot be used for a passive category and vice versa.

In addition, a strategy (at the discretion of the portfolio management and investment committee) can be selected for use in another risk category if it has both higher returns and lower downside risk than the best performing strategies in that risk category. For example: A moderate strategy can be used in either the aggressive or conservative category if it had higher returns and lower risk than the best performing strategies in that risk category.

#### How Allocation Weights are Determined:

**Stocks versus Bonds:** The allocation between stock strategies and bond strategies is established with a heavy stock weighting for the Aggressive risk category in an attempt to increase expected future returns. The lower the risk category (toward Conservative), the allocation to stock strategies will decrease and the allocation to bond strategies will increase in an attempt to reduce expected future risk. When blends are used, the overall aggregate stock and bond percentage is calculated on a pro-rata basis. TFA then fine tunes the weights so that the aggregate risk score for the combined blend of strategies is within the risk score range for the target risk category.

**Active versus Passive:** The allocation between active strategies and passive strategies is established to be predominately passive at the Conservative level. The heavy weighting to bonds, which have historically much lower risk versus stocks, requires less active management to reduce expected future risk. Lower manager fees associated with passive strategies is a benefit of this approach. However, the higher the risk category (toward Aggressive), the allocation to actively managed strategies are increased to reduce the expected future risk of the increasing stock allocation.

#### **Transamerica® ALPHA Star Strategy**

Transamerica® ALPHA Stars Strategy invests in a diversified portfolio of both stock and bond ETFs in a blend that seeks to balance returns with risk. The balance between stocks and bonds and between returns and risk will be based solely on the time remaining until the target goal date with risk management taking more precedence as the goal date approaches. To automate rebalancing of the portfolio as the target date approaches, the client must have the “Auto Update” feature turned on. The strategy will hold equities throughout a bear market and will NOT seek to reduce equity downside during such time. The strategy will instead seek tax efficiency by reducing trading frequency and preferring long-term gains & losses over short-term gains & losses.

Investments are allocated on a long term, buy & hold basis to a select group of U.S. and international stock and bond categories. The one or two ETFs are purchased and held for each category. These ETFs will be reviewed by Transamerica quarterly and will be replaced on an as needed basis on a review of the ETF's ratings, returns, downside risk, daily liquidity, and other measurements.

#### **Risk of Loss**

Although TFA works hard to preserve your capital assets and increase your wealth, investing in Investment Products involves a risk of loss to your principal (invested amount) and any unrealized profits. For example, securities may not be sold at the appropriate time to achieve a profit. Certain model portfolios impose more risk than



others. As a fiduciary, TFA will strive to provide investment advice that is in your best interests.

The risk of loss can increase based on the securities held in the account and how those securities are purchased. Some examples of risks include the following:

- Fluctuating stock markets and bond markets along with global and domestic economic events influencing these markets.
- Purchasing inverse or leveraged mutual funds and ETPs. These securities could suffer losses even if the long-term performance of the underlying index or benchmark showed a gain.

TFA and its IARs will strive to provide investment advice for your assets to the best of our ability; however, we cannot guarantee any level of performance or prevent losses in your account assets.

### **Material Investment Risks**

TFA's advisory programs offer multiple Model Portfolios to satisfy a wide variety of investment and risk profiles, ranging from the most aggressive portfolios to the most conservative. In general, the advisory programs offered through TFA are subject to the risks noted below. However, Model Portfolios that have higher concentrations in equity investments are subject to greater risk, such as stock market volatility and foreign exposure. Model Portfolios that have a higher concentration in fixed income securities have greater exposure including, but not limited to credit, interest rate, and liquidity risks.

**Risk of Loss:** All investments in securities include a risk of loss of your principal. Stock markets and bond markets fluctuate over time and clients may lose money. You should be prepared to lose money in an investment account offered through TFA. Investments are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. You may lose money by investing in Investment Products. Each investment strategy offered by the advisory programs offered by TFA poses risks, and many factors affect each investment or account's performance. Investments or accounts are also subject to volatility in non-U.S. markets through either direct exposure or indirect effects in the U.S. markets from events abroad. Investments or accounts that seek exposure to debt are subject to risks of prepayment or default, and Model Portfolios that concentrate in particular industries or are otherwise subject to particular segments of the market may be significantly impacted by events affecting those industries or markets. In addition, the investments in your advisory account may be subject to the following specific risks:

**Investing in Mutual Funds and ETPs:** Your account bears all the risk of the investment strategies employed by the mutual funds and ETFs held in your account, including the risk

that a mutual fund or ETF will not meet its investment objectives. For the specific risks associated with a mutual fund or ETF, please see its prospectus.

**Investing in Exchange Traded Notes:** ETNs are unsecured debt obligations of the issuer (often a bank). As such, ETN holders are directly exposed to the issuer's credit or default risk.

**Reliance on Technology; Cybersecurity:** Certain TFA investment activities and investment strategies are dependent upon algorithms, as well as other various computer and telecommunications technologies, many of which are provided by or are dependent upon third parties such as data feed, data center, telecommunications, or utility providers. The successful deployment, implementation, and/or operation of such activities and strategies, and various other critical activities of TFA on behalf of its clients, could be severely compromised by system or component failure, telecommunications failure, power loss, a software-related “system crash,” fire or water damage, human errors in using or accessing relevant systems, unauthorized system access or use (e.g., “hacking”), computer viruses, or various other events or circumstances. It is not possible to provide fool-proof protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that interrupts such computer and/or telecommunications systems or operations could have a material adverse effect on TFA’s clients, including preventing TFA from trading, modifying, liquidating, and/or monitoring its clients’ investments. In addition, clients should be aware of the risk of attempted cyber-attacks and harm to technology infrastructure and data from misappropriation or corruption.

With respect to the Transamerica® ALPHA and Transamerica® ONE programs, due to TFA’s, Folio’s, and Betterment’s interconnectivity with third party vendors, central agents, exchanges, clearing houses, and other financial institutions, TFA, Folio, and Betterment could be adversely impacted if any of them is subject to a cyber-attack or other information security event. Although TFA, Folio, and Betterment take proactive measures and endeavors to modify them as circumstances warrant, their computer systems, software, and networks may be vulnerable to unauthorized access, issues, computer viruses or other malicious code, and other events that could have a security impact.

**Algorithm Risks (Transamerica® ALPHA):** The use of algorithms to provide investment advisory advice carries the risk that changes to algorithm’s code may not have the desired effect with respect to client accounts. While this risk increases if changes to the algorithms are insufficiently tested prior to implementation, even extensively tested changes may not produce the desired effect over time. The algorithms used in the Transamerica® ALPHA program are based on a number of assumptions, which may have inherent limitations and may not prove to be accurate.

**Investment Risk:** Every mutual fund and ETF is run by a manager who is making decisions on which stocks and bonds to buy and sell. These securities can lose money causing the mutual fund or ETF to lose money.

**Operation Risk:** Every ETF and fund is an investment company that is run by an advisor and a board of directors that is responsible for managing the funds operations and following the laws and regulations relevant to ETFs and mutual funds. The managers of the fund company may commit fraud, malfeasance, or simply make bad decisions that result in higher expenses for the funds investors, mistaken calculations of the fund's true value, and losses of fund assets.

**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 value to decline, and vice versa.

**Market Risk:** The price of investments in your advisory account 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 particular underlying circumstances. For example, political, economic, and social conditions may trigger market events. Economies and financial markets throughout the world are increasingly interconnected. Economic, financial, or political events, trading and tariff arrangements, terrorism, technology and data interruptions, natural disasters and other circumstances in one country or region could be highly disruptive to, and have profound impacts on, global economies or markets. During periods of market disruption, the underlying investments exposure to the risks described elsewhere in this section will likely increase. As a result, whether the underlying investments are securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of the underlying investments may be negatively affected. Also, liquidity of investments, or even an entire market segment, can deteriorate rapidly, particularly during times of market turmoil, and those investments may be difficult or impossible to trade.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments can be subject to fluctuations in the value of the investment in U.S. dollars, which are due to fluctuations in the currency of the investment's originating country.

**Reinvestment Risk:** This is the risk that future proceeds from investments may be reinvested at a potentially lower rate of return (i.e., interest rate).

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry.

**Financial Risk:** Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or declining market value.

**Fixed Income Risk:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks may occur from fluctuations in interest rates, a change in an issuer's individual situation or industry, or events in the financial markets.

**Credit Risk:** Changes in financial condition of an issuer or counterparty, and changes in specific economic or political conditions that affect a particular type of security or issuer, can increase the risk of default by an issuer or counterparty, which can affect a securities or instrument's credit quality or value. Lower quality debt securities and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer.

**Foreign Risk:** Foreign securities are subject to interest rate, currency exchange rate, economic, regulatory, and political risks, all of which may be greater in emerging markets. These risks are particularly significant for securities that focus on a single country, region, or emerging markets. Foreign markets may be more volatile than U.S. markets and can perform differently from the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. Foreign exchange rates may also be extremely volatile.

**Tax Risk:** Securities in the investment strategy may be bought and sold without regard to a client's individual tax ramifications, and so portfolio turnover could cause the client to incur tax obligations that negatively affect the after-tax return.

**Tactical Asset Allocation Risk:** Tactical asset allocation is an investment strategy that actively adjusts a strategy's asset allocation. A strategy's tactical asset management discipline may not work as intended. A strategy may not achieve its objective and may not perform as well as other strategies using other asset management styles, including those based on fundamental analysis (a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other factors)

or strategic asset allocation (a strategy that involves periodically rebalancing the fund in order to maintain a long-term goal for asset allocation). This strategy may not work as intended. The sub-adviser's evaluations and assumptions in selecting underlying funds or individual securities may be incorrect in view of actual market conditions, and may result in owning securities that underperform other securities. The management process might also result in a strategy's having exposure to asset classes, countries or regions, or industries or groups of industries that underperform other management styles. In addition, a strategy's risk profile with respect to particular asset classes, countries and regions, and industries may change at any time based on the sub-adviser's allocation decisions.

## ITEM 9 – DISCIPLINARY INFORMATION

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TFA is both a broker-dealer and a Registered Investment Adviser. In the last ten years, we have had six disciplinary events that are material to your evaluation of us. Three of these events involve charges brought by the Securities and Exchange Commission ("SEC"). Three of the events involve charges brought by our self-regulatory organization, Financial Industry Regulatory Authority, Inc. ("FINRA").

### SEC Proceedings

- On March 11, 2019, the Securities and Exchange Commission ("SEC") signed an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order") relating to TFA's disclosure of its mutual fund share class selection practices and the 12b-1 fees TFA and its associated persons received. Specifically, the SEC alleged that TFA failed to adequately disclose in its Form ADV or elsewhere the conflicts of interest related to a) its receipt of 12b-1 fees and/or b) its selection of mutual funds share classes that pay such fees. TFA self-reported this matter to the SEC pursuant to the SEC Division of Enforcement's Share Class Selection Disclosure Initiative.

TFA has settled this matter with the SEC. TFA agreed to a censure, to pay disgorgement of \$5,364,292.04 plus \$658,780.64 in interest, and to cease and desist from violating certain securities laws and regulations. The disgorgement and interest will be paid to a Distribution Fund ("Fund") for eventual distribution to investors who purchased or held 12b-1 fee paying share class mutual funds in advisory accounts when a lower-cost share class of the same fund was available to the client. The Order states that these investors are to receive from the Fund the 12b-1 fees attributable to the investor during the relevant period, plus interest, subject to a *de minimis* threshold.

The foregoing is only a summary of the Order. A copy of the Order is available on the SEC's website at <https://www.sec.gov>.

- On August 27, 2018, the Securities and Exchange Commission (“SEC”) instituted a settled public administrative Cease-and-Desist proceeding naming TFA and certain of its affiliates (“Order”). As to TFA, the Order relates to, among other things, errors in certain models used by TFA in its Transamerica I-Series® and Transamerica® ONE programs. The Order also states that the parties failed to make appropriate disclosures regarding these matters. In addition, the Order states that the parties failed to have adequate policies and procedures. The models at issue in the case were managed by an affiliate, AEGON USA Investment Management, LLC (“AUIM”) and by F-Squared Investments, Inc. (“F-Squared”). The models managed by AUIM were the Global Tactical Allocation – Conservative, Global Tactical Allocation– Balanced, Global Tactical Allocation – Growth, Tactical Fixed Income, Global Tactical Income and Global Tactical Rotation models. The models managed by F-Squared were the AlphaSector Rotation Index, AlphaSector Premium Index and World Allocator Premium Index. These strategies are no longer offered by TFA and neither AUIM nor F-Squared currently provide model management services to TFA. The strategies developed by AUIM and F-Squared were offered by TFA in the Transamerica I-Series® and Transamerica® ONE programs between 2011 and 2015.

TFA has settled this matter with the SEC. TFA agreed to a censure, to pay a penalty of \$800,000, to pay disgorgement of \$1.7 million plus \$258,162 in pre-judgment interest, and to cease and desist from violating certain securities laws and regulations. The disgorgement, interest and penalties have been paid to a Fair Fund (“Fund”) for eventual distribution to affected investors who purchased or held an interest in the AUIM and F-Squared strategies in the Transamerica I-Series® and Transamerica® ONE programs from July 2011 through June 2015. The Order states that these investors are to receive from the Fund an amount related to the pro rata fees and commissions paid by them during that period, plus interest, subject to a de minimis threshold.

In accepting the settlement, the SEC considered the substantial cooperation and the remedial efforts of TFA and its named affiliates. In the Order, the SEC acknowledged that, after the start of the SEC staff’s investigation but before the settlement, TFA and the named affiliates had voluntarily retained a compliance consultant to conduct a comprehensive independent review of certain compliance policies and procedures, internal controls and related procedures, and that the consultant’s written findings had been received and proposed changes implemented. The SEC also acknowledged that, in advance of receiving recommendations from the independent compliance consultant, TFA and its affiliates had already begun making revisions and improvements to their compliance policies and procedures. The SEC also considered that TFA and its affiliates have retained the independent compliance consultant for further reviews.

The settlement does not impose any restrictions on the business of TFA.

The foregoing is only a summary of the Order. A copy of the Order is available on the SEC’s website at <https://www.sec.gov>.

- On April 3, 2014, the Securities and Exchange Commission (“SEC”) signed an Order Instituting Administrative and Cease-and-Desist Proceedings relating to the aggregation of advisory accounts for billing purposes in the Capital, Sterling, and Advantage Programs by Transamerica Financial Advisors, Inc. (“TFA”). TFA agreed to a censure, a fine of \$553,624, and to retain the services of an independent consultant to conduct a review of our policies and procedures. TFA also undertook remedial efforts by providing refunds and credits to accounts of clients and former clients who were overcharged fees. This matter pertained to the firm failing to apply advisory fee discounts to certain retail clients in several of its advisory fee programs contrary to its disclosures to clients and its policies and procedures.

### **FINRA Proceedings**

- On January 20, 2015, FINRA accepted our Letter of Acceptance, Waiver and Consent in which TFA proposed a settlement of alleged FINRA rule violations. TFA agreed to a censure and fine of \$50,000. This matter pertained to an inaccurate Form U5 and inaccurate and misleading Amended Form U5 filed by the firm relating to the termination of a registered representative.
- On July 27, 2015, FINRA accepted our Letter of Acceptance, Waiver, and Consent in which TFA proposed a settlement of alleged FINRA rule violations. TFA agreed to a censure and fine of \$85,000 and paid restitution to impacted Clients in the amount of \$51,066.08 (plus interest). This matter pertained to the broker-dealer failing to identify and apply volume discounts to certain Clients’ eligible purchases of non-traded real estate investment trusts (REITs) and business development companies (BDCs), resulting in customers paying excessive sales charges of approximately \$51,000. Also, the broker-dealer failed to establish, maintain, and enforce a supervisory system and written supervisory procedures with respect to the sale of non-traded REITs and BDCs.
- On December 21, 2020, FINRA accepted our Letter of Acceptance, Waiver and Consent in which TFA proposed a settlement of alleged FINRA rule violations. TFA consented to the sanctions and to the entry of findings that it failed to reasonably supervise its representatives’ recommendations of three different products – variable annuities, mutual funds and 529 Plans. TFA was censured, fined of \$4,400,00 and required to pay \$4,354,160 in restitution to customers. A copy of this Order is available on FINRA’s website at <https://www.finra.org/rules-guidance/oversight-enforcement/finra-disciplinary-actions-online>.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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TFA is also a broker-dealer. In general, TFA's Advisors, management team, and most of TFA's Investment Committee members are Registered Representatives of TFA's broker-dealer. The majority of TFA's Advisors are also affiliated with World Financial Group Inc., a financial services marketing company that is affiliated with TFA.

TFA is a member of the Transamerica Group of companies. These companies include investment companies that offer mutual funds and fixed and variable insurance products. Many of these products can be purchased by the various TPMMs or Model Managers available in TFA's programs. Based on TFA's affiliation with various investment companies and variable insurance companies, a conflict of interest exists due to the compensation paid to TFA by these companies and compensation gained by our affiliates through fees and expenses charged to you on their products. This compensation is in addition to the advisory fees you pay to TFA. TFA resolves this conflict by monitoring the appropriateness of the recommendations made to you by TFA's Advisors on all products you purchase including those products issued by TFA's affiliates.

TFA has contracts with TPMMs who are also investment advisors that offer fee-based advisory programs. These relationships were described in Item 4. These third-party money managers are not affiliated with TFA and they pay TFA a portion of the fees you pay to them. This is considered a conflict of interest. The cost of placing your assets with one of these TPMMs may be higher than placing your assets in another advisory account.

### **Broker-Dealers under Common Control with AEGON N.V.**

The following FINRA registered broker-dealers are under common control with TFA. TFA and each of these other broker-dealers are indirect, wholly owned subsidiaries of AEGON N.V.

- Transamerica Investors Securities Corporation
- Transamerica Capital, Inc.

Transamerica Capital, Inc. is the principal underwriter for variable annuity and life insurance products offered by our affiliated insurance companies. TFA has a selling agreement with this broker-dealer that compensates us for selling these products. This firm is also a wholesale distributor of Transamerica products. Such compensation creates a conflict of interest for TFA and its Advisors. TFA resolves this conflict by monitoring the appropriateness of the recommendations made to you by TFA Advisors on all products you purchase including those products issued by our affiliates.

### **Investment Companies under Common Control with AEGON N.V.**



TFA has an agreement to sell mutual funds of one of our related investment companies, Transamerica Funds. Through TFA's affiliated insurance companies, we have the ability to offer insurance products which may contain shares of the Transamerica Series Trust and/or Transamerica Partners Funds, both affiliated investment companies. TFA receives compensation from these sales. Such compensation creates a conflict of interest for TFA and its Advisors. TFA resolves this conflict by monitoring the appropriateness of the recommendations made to you by TFA Advisors on all products you purchase including those products issued by our affiliates.

#### **Registered Investment Advisers under Common Control with AEGON N.V.**

The following SEC Registered Investment Advisers are under common control with TFA. TFA and each of these advisory firms are indirect, wholly owned subsidiaries of AEGON N.V.

- Transamerica Asset Management, Inc. ("TAM")
- AEGON USA Investment Management, LLC ("AUIM")
- Transamerica Retirement Advisors, Inc. ("TRA")

#### **Insurance Companies or Agencies under Common Control with AEGON N.V.**

TFA has material relationships or arrangements with a select group of product sponsors ("Sponsoring Companies"), some of which are affiliated insurance companies/agencies. In certain cases, some of TFA's officers may be personally affiliated with our affiliated insurance companies/agencies. In addition, due to TFA's registration as a broker-dealer, TFA does receive additional compensation in the form of revenue sharing payments when you purchase products through these insurance companies/agencies. A summary of TFA's Revenue Sharing and current Sponsoring Company compensation arrangements can be found at the Home Page of TFA's website at [www.tfaconnect.com](http://www.tfaconnect.com) under Revenue Sharing. Such revenue sharing payments create a conflict of interest for TFA and its Advisors. TFA resolves this conflict by monitoring the appropriateness of the recommendations made to you by TFA Advisors on all products you purchase including those products issued by our affiliates.

The following is a list of TFA's affiliated insurance companies/agencies with which TFA conducts business:

- Transamerica Premier Life Insurance Company
- InterSecurities Insurance Agency, Inc.
- Transamerica Life Insurance Company
- Transamerica Financial Life Insurance Company
- World Financial Group Insurance Agency, Inc. (DBA World Financial Insurance Agency, Inc. in California)
- World Financial Group Insurance Agency of Hawaii, Inc.

- World Financial Group Insurance Agency of Massachusetts, Inc.
- World Financial Group Insurance Agency of Wyoming, Inc.
- WFG Insurance Agency of Puerto Rico, Inc.

Your Advisor may be able to offer you insurance products through his or her affiliation with one or more of these agencies. When you purchase insurance products through your Advisor and our Affiliated Agencies, your Advisor and TFA's Affiliated Agencies will receive commission compensation.

## ITEM 11 – CODE OF ETHICS

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TFA has adopted a Code of Ethics and an Insider Trading Policy ("Code"). This Code is designed to ensure that TFA meets our fiduciary obligation to you and our prospective clients, that we conduct our advisory services with the highest level of ethical standards, and that we instill a culture of compliance within our firm.

Our Code is comprehensive and is distributed to each home office employee and Advisor (collectively "Access Persons") at the time of hire and acknowledged annually thereafter. TFA also supplements the Code with annual training and ongoing monitoring of the activity of Access Persons.

TFA's Code includes the following requirements for TFA Access Persons:

- Maintain the principles of honesty, integrity, professionalism and comply with federal and state securities laws;
- Follow all policies and procedures contained in our manuals, bulletins, and supervisory directives and cooperate with any investigation or inquiries;
- Maintain the privacy and confidentiality of information provided by our clients;
- Refrain from:
  - insider trading
  - accepting gifts and entertainment that exceed our policy standards
  - participating in any initial public offerings
  - executing a personal transaction in a security for which the Access Person already has a pending buy or sell order for a client.
- Report all gifts and business entertainment;
- Pre-clear personal securities transactions;
- Report on a quarterly basis all personal securities transactions;
- Annually review and certify compliance with our Code.

TFA has also established the following guidelines for TFA Access Persons:

- Our directors, officers and employees are not allowed to buy or sell securities for their personal portfolio(s) unless the information is also available to the investing public.

- Access Persons are not to place their own interests above yours.
- Any Access Person not complying with these guidelines may be subject to disciplinary action including termination.

You may request a complete copy of our Code by contacting TFA at the address or telephone number displayed on the cover page of this Disclosure Brochure.

## ITEM 12 – BROKERAGE PRACTICES

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TFA does not have authority to determine which broker-dealer will be used for the advisory services described in Item 4, above, with the exception of Transamerica® ONE, Transamerica® APEX, and Transamerica I-Series®. The TPMMs choose their own brokerage and soft-dollar practices, and such practices will be disclosed in the TPMM's Form ADV Part 2A or other disclosure brochure. Clients should refer to the TPMM's disclosure document for a complete discussion of brokerage practices, trade allocation and research or other soft-dollar benefits.

### **Transamerica® ONE Wealth Management Platform**

When you select Transamerica® ONE, Folio Investments, Inc., a Goldman Sachs Company ("Folio"), is the broker-dealer and custodian. Your securities transactions will be executed through, and your assets held at this firm. TFA will be solely responsible for directing your purchases and sale transactions to Folio. Additionally, TFA will periodically direct one or more transactions for your account when rebalancing is required for all Transamerica I-Series® models. Model managers on the Transamerica® ONE platform that are not affiliated with Transamerica Financial Advisors, Inc. will periodically direct one or more transactions for your account when rebalancing is required. Rebalancing is the process of buying and selling portions of your model portfolio to adjust the weight of each asset class to your original asset allocation model portfolio.

Folio attempts to obtain the best execution for you; however, there is no guarantee that this will be accomplished. Due to this arrangement with Folio, TFA may be limited or unable to negotiate commissions, aggregate your orders, or seek execution of transactions as efficiently as possible and at the best price for your account. You may also be paying higher fees and/or commissions than TFA's other advisory clients should a situation arise when trades are placed outside of Folio's standard trading windows which generally occur at 11:00 a.m. Eastern time, and 2:00 p.m. Eastern time.

### **Transamerica® ALPHA Wrap Fee Program**

In connection with your participation in Transamerica® ALPHA, the client will authorize all trades for his or her Account to be placed with Betterment Securities, in its capacity as

an introducing broker-dealer, to be cleared and settled through the custodian, Apex. Clients will bear the risks associated with these transactions and should understand that Betterment will send all trades to Betterment Securities for execution (which will use Apex for clearance and settlement) even if the use of a different broker-dealer may result in lower prices or more favorable execution. Clients will receive the price at which such orders are executed in the marketplace.

Additional information related to brokerage practices relevant to Transamerica® ALPHA can be found in the Wrap Fee Program Brochure (Form ADV Part 2A Appendix 1).

### **Transamerica I-Series® Program**

When you select the Transamerica I-Series® Program, Folio Investments, Inc., a Goldman Sachs Company ("Folio"), is the broker-dealer and custodian. Your securities transactions will be executed through, and your assets held at this firm. TFA will be solely responsible for directing your purchases and sale transactions to Folio.

Additionally, TFA will periodically direct one or more transactions for your account when rebalancing is required for all Transamerica I-Series® models. Rebalancing is the process of buying and selling portions of your model portfolio to adjust the weight of each asset class to your original asset allocation model portfolio. Folio attempts to obtain the best execution for you; however, there is no guarantee that this will be accomplished. Due to this arrangement with Folio, we may be limited or unable to negotiate commissions, aggregate your orders, or seek execution of transactions as efficiently as possible and at the best price for your account.

### **Transamerica® APEX Wealth Management Platform**

When you select Transamerica® APEX, Charles Schwab is the broker-dealer and custodian. Your securities transactions will be executed through, and your assets held at this firm. Envestnet will be solely responsible for directing your purchases and sale transactions to Charles Schwab. Envestnet will periodically direct one or more transactions for your account when rebalancing is required. Rebalancing is the process of buying and selling portions of your model portfolio to adjust the weight of each asset class to your original asset allocation model portfolio.

Charles Schwab attempts to obtain the best execution for you; however, there is no guarantee that this will be accomplished. Due to this arrangement with Charles Schwab, TFA may be limited or unable to negotiate commissions, aggregate your orders, or seek execution of transactions as efficiently as possible and at the best price for your account.

### **Third Party Unaffiliated Investment Advisor**

Clients receiving our services through a Platform sponsored by an unaffiliated investment advisor, may be required to use a particular broker-dealer, but the requirement to do so is determined by the Platform sponsor and not TFA. Therefore, the Platform Sponsor is solely responsible for conducting broker-dealer due diligence and best execution analysis. Because TFA does not recommend or select brokerage platforms for outside Platforms, we may not be able to obtain the best prices and execution for the transaction. Clients may receive less favorable prices than would otherwise be the case if their Platform sponsor selected an alternative broker-dealer or custodian. Pricing for transactions, custodial services and other services provided by a broker-dealer will vary based on the broker-dealer utilized. Thus, some clients hiring our management services will pay more for such services than other clients.

### **Trade Aggregation and Allocation Policy**

TFA does not have the ability to execute trades on behalf of clients and as a result, does not aggregate or allocate the purchase or sale of securities for various client accounts.

Within Transamerica® ONE, Folio may aggregate securities purchases or sales orders for Client's Account with similar orders for other accounts if, in its judgment, such aggregation is reasonably likely to result in an overall economic benefit to Client. Some of these aggregated transactions may be made at different prices due to the volume of securities purchased or sold. In such event, allocation of the securities to be purchased or sold, as well as the expenses incurred in the transaction, will be made by Folio in a manner consistent with industry practices.

Within Transamerica® ALPHA, Betterment places aggregated orders involving multiple Betterment accounts trading in the same securities. In conducting these transactions no client is favored over any other client and each client that participates in an aggregated transaction will participate at the average share price for transactions in the aggregated order.

Within Transamerica® APEX, Envestnet may aggregate securities purchases or sales orders for your Client's Account with similar orders for other accounts if, in its judgment, such aggregation is reasonably likely to result in an overall economic benefit to Client. Some of these aggregated transactions may be made at different prices due to the volume of securities purchased or sold. In such event, allocation of the securities to be purchased or sold, as well as the expenses incurred in the transaction, will be made by Envestnet in a manner consistent with industry practices and with the disclosures in Envestnet's Form ADV Part 2A.

### **Agency Cross Transactions**

TFA does not engage in agency cross transactions. An agency cross transaction is a

transaction in which TFA would act as an investment advisor and broker-dealer for you on one side of the transaction and another client on the other side of the transaction. However, TFA or any person associated with our firm may buy or sell securities identical to those recommended to you for their personal accounts.

### **Principal Trading**

Generally, TFA does not engage in principal trading.

### **Class Action Lawsuits**

TFA does not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor does TFA initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

## **ITEM 13 – REVIEW OF ACCOUNTS**

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Review of accounts will be done at least on an annual basis for the Transamerica® ONE platform and will be conducted by the Advisor. Your Advisor will undertake reasonable efforts to contact you to discuss your financial situation and investment objectives to determine whether the account continues to meet your investment needs.

Betterment's algorithms continuously review client accounts on the Transamerica® ALPHA platform. Review of accounts will be done at least on an annual basis by the Advisor for clients participating in Transamerica® ALPHA Premier.

Review of accounts will be done at least on an annual basis for the Transamerica® APEX platform and will be conducted by the Advisor. Your Advisor will undertake reasonable efforts to contact you to discuss your financial situation and investment objectives to determine whether the account continues to meet your investment needs.

Review of accounts held with a TPMM will be done at least on an annual basis and will be conducted by the Advisor. Your Advisor will undertake reasonable efforts to contact you to discuss your financial situation and investment objectives to determine whether the account continues to meet your investment needs.

Generally, you will receive monthly or quarterly account statements, transaction confirmations, and/or performance reports. The nature and frequency of client reports will vary by program. We urge you to carefully review these reports and compare your custodial statements with your performance reports. The information in your performance reports may vary from your custodial statements due to accounting procedures, reporting dates, or valuation methodologies of certain securities. In the event

of any discrepancies, you should rely on the statements you receive from the custodian of your assets.

Annually, the CCO or designee, delivers the firm's Annual Due Diligence Questionnaire to all TPMMs with which TFA has agreements. RIA Compliance and Investment Research or designee(s), review and score each questionnaire. Scores will be used to determine such things as further requests for documentation; further action; on-site visits; placement of the firm on a watch list. Results of the reviews and scores are reported to the Investment Committee.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

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### **Registration Arrangements**

Many of TFA's Advisors are also Registered Representatives of our broker-dealer. In the capacity of a Registered Representative, your Advisor will recommend that you place securities transactions through TFA's broker-dealer. These transactions could include, but are not limited to, the purchase or sale of mutual funds, variable annuities, or other financial products. All sales charges and expenses are disclosed in the product prospectus, which you will receive at or before the time of your purchase of the product.

### **Marketing Compensation Arrangements**

In certain cases, TPMMs and other service providers may pay TFA marketing compensation. The amount and terms of this marketing compensation may increase or decrease from time to time. Any additional marketing compensation paid by the TPMMs or other service providers to TFA will not affect your account, the services provided to you, the fee for advisory services that you pay to the TPMM or other service provider, or the compensation paid by TFA to your Advisor. The existence of a marketing compensation agreement with TPMMs or other service providers can create a conflict of interest for your Advisor and TFA. TFA will earn more revenue due to such marketing compensation agreements, and the Advisor may indirectly benefit from this additional revenue through different educational and marketing initiatives conducted by TFA.

Each of the TPMMs or other service providers that have marketing and referral arrangements with TFA may attend, contribute to, or sponsor education and training meetings for our Advisors. A TPMM or other service provider may reimburse TFA for up to 100% of the cost of these meetings. These contributions and reimbursements create a conflict of interest because meeting sponsors have more opportunities to provide Advisors with education on investments, their investment management services, industry trends, and other issues; and because TFA benefits from these contributions and reimbursements.

### **Solicitors Arrangements**

TFA may, from time to time, enter into Solicitor Agreements with separately registered investment advisors that may be affiliated or unaffiliated with us. These agreements allow these registered investment advisors to offer our advisory programs on a solicitor's basis, pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940.

On occasion, third persons ("Solicitors") who are not associated with TFA will refer prospective clients to an Advisor who will offer our advisory programs. TFA enters into Referral Agreements with these Solicitors pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940. TFA will compensate the Solicitor directly if you agree to accept our advisory services. A portion of your advisory fee will be paid to this Solicitor. At the time of the referral, your Solicitor will provide you with a compensation statement disclosing the terms of his/her agreement with us.

### **Other Compensation Arrangements**

TFA Advisors are permitted to participate in award and incentive programs sponsored by World Financial Group, Inc. in which they could receive trips, promotions or non-cash compensation based on their sales. These events may influence their decision to recommend a particular product to you for consideration. TFA attempts to mitigate this risk by reviewing business submitted by Advisors for potential concerns.

## **ITEM 15 – CUSTODY**

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TFA has indirect custody of client accounts in Transamerica® ONE and Transamerica I- Series® as TFA has the ability to deduct monthly advisory fees from a client's account. You will receive account statements directly from your qualified custodian at least quarterly. We urge you to carefully review these statements as they are the official record of your account and assets.

## **ITEM 16 – INVESTMENT DISCRETION**

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Advisors of TFA do not accept discretionary authority in connection with the accounts opened through its TPMM relationships. TPMMs may maintain discretionary authority, but such authority would be fully disclosed to clients in the TPMM's Form ADV Part 2A or other disclosure document.

However, when you open a Transamerica® ONE account, you give TFA discretionary authority. You may impose reasonable limitations and restrictions at the time of opening your account or at a later time by written notice. TFA's Advisory Services team exercises this discretionary authority.



When you open a Transamerica® ALPHA account, you give Betterment discretionary authority. You may impose reasonable limitations and restrictions at the time of opening your account or at a later time by written notice.

When you open a Transamerica I-Series® account, you give TFA discretionary authority. You may impose reasonable limitations and restrictions at the time of opening your account or at a later time by written notice. TFA's Advisory Services team exercises this discretionary authority.

## ITEM 17 – VOTING CLIENT SECURITIES (PROXY VOTING)

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When you open a Transamerica® ONE, Transamerica I-Series®, or Transamerica® APEX account, you are responsible for directing the manner in which proxies for the securities held in your account are voted. TFA does not vote proxies on behalf of our clients in Transamerica® ONE, Transamerica I-Series®, or Transamerica® APEX, including those managed by TPMMs. You should refer to the TPMMs' disclosure documents for a complete description of their proxy voting procedures. These documents will explain whether you will receive proxies or other solicitations directly from the custodian or a transfer agent.

When you open a Transamerica® ALPHA account, you delegate to Betterment the authority to receive and vote all proxies and related materials for any security held in Betterment accounts. Betterment will do so in a way that is reasonably expected to ensure that proxy matters are conducted in the best interest of clients. Betterment will only vote on proxies and respond to corporate actions associated with securities that Betterment recommends be purchased for client accounts. Clients may request information regarding how Betterment voted a client's proxies, and clients may request a copy of Betterment's proxy policies and procedures, which may be updated from time to time, by emailing [support@betterment.com](mailto:support@betterment.com).

## ITEM 18 – FINANCIAL INFORMATION

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To the best of TFA's knowledge, we are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

TFA has not been the subject of a bankruptcy petition at any time, including any time during the past ten years.