



PART 2A of Form ADV – Brochure

June 14, 2012

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This brochure provides information about the qualifications and business practices of Transamerica Asset Management, Inc. (“the “Adviser”). If you have any questions about the contents of this brochure, please contact us toll-free at 1-800-535-5549. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

THIS BROCHURE IS NOT AN OFFER TO SELL ANY SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

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Material Changes

Following is a summary of material changes to the Adviser's brochure since the last annual update to the brochure on March 29, 2012.

On April 17, 2012, the Adviser assumed responsibility for the day-to-day management of Transamerica Asset Allocation – Conservative VP, Transamerica Asset Allocation – Growth VP, Transamerica Asset Allocation – Moderate Growth VP, Transamerica Asset Allocation – Moderate VP, Transamerica International Moderate Growth VP, and Transamerica Multi-Manager Alternative Strategies Portfolio.

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Advisory Business

The Adviser (originally WRL Investment Management, Inc.) was incorporated in Florida in 1996 and has been registered with the SEC as an investment adviser since 1996. SEC registration does not imply a certain level of skill or training. The Adviser provides investment advisory services to registered investment companies, an unregistered pooled investment vehicle, an affiliated broker-dealer and an asset allocation program offered by affiliated insurance companies.

The Adviser is directly owned by Western Reserve Life Assurance Co. of Ohio (77%) (“Western Reserve”) and AUSA Holding Company (23%) (“AUSA”), both of which are indirect, wholly owned subsidiaries of AEGON N.V. AUSA and Western Reserve are wholly owned by AEGON USA, LLC (“AEGON USA”), a financial services holding company whose primary emphasis is on life and health insurance, and annuity and investment products. AEGON USA is owned by AEGON US Holding Corporation, which is owned by Transamerica Corporation (DE). Transamerica Corporation (DE) is owned by The AEGON Trust, which is owned by AEGON International B.V., which is owned by AEGON N.V., a Netherlands corporation, and a publicly traded international insurance group.

Advisory Services

TAM Funds

The Adviser primarily sponsors and provides investment advisory and certain management services to investment companies registered under the Investment Company Act of 1940, as amended (the “1940 Act”), in Transamerica Asset Management (“TAM”). TAM currently consists of Transamerica Funds (“Transamerica Funds”), Transamerica Series Trust (“TST”), Transamerica Income Shares, Inc. (“TIS”), Transamerica Partners Funds Group (“TPFG”), Transamerica Partners Funds Group II (“TPFGII”), Transamerica Partners Portfolios (“TPP”) and Transamerica Asset Allocation Variable Funds (“TAAVF”) (each, a “Fund,” and together, the “Funds”). The Adviser receives fees, computed daily and paid monthly, on the average daily net assets of each Fund. The Adviser is responsible for the day-to-day management of certain asset allocation and index funds in TAM. In managing these Funds, the Adviser selects one or more underlying funds and the relative amounts to be invested in each underlying fund based on the objectives and principal strategies of the particular Funds. The underlying funds invest in a broad range of asset classes and are selected by the Adviser in an attempt to achieve an optimal balance between risk and return potential.

For each of the other Funds in TAM, the Adviser currently renders “manager of managers” investment advisory services. As a manager of managers, the Adviser hires sub-advisers to furnish investment advice and recommendations and has entered into sub-advisory agreements with the sub-advisers to these Funds. The Adviser also oversees the sub-advisers and monitors the sub-advisers’ buying and selling of portfolio securities and investment performance. If multiple sub-advisers are selected for a Fund, the Adviser assigns each sub-adviser a prescribed percentage of the Fund’s assets to manage; however this can change over time.

The Adviser draws on the expertise of highly-accredited industry professionals to construct customized investment solutions that seek attractive long-term risk-adjusted performance. In seeking such performance, the Adviser’s investment management team is dedicated to a selection process designed to help identify top tier industry talent. The Adviser reviews sub-advisers from the industry using qualitative and quantitative analysis to evaluate, select and monitor sub-advisers. Through this process, the Adviser selects sub-advisers based on an evaluation of their abilities in managing assets pursuant to a particular investment style, among other things. The Adviser closely monitors the performance, risk, style and consistency of the sub-advisers. The Adviser also monitors for any organizational or investment process changes with respect to the sub-advisers.

Collective Trust

The Adviser serves as the investment adviser to a privately-offered pooled investment vehicle organized as a collective trust. The Adviser recommends one or more underlying series or funds and the relative amounts to be invested in each underlying fund or series based on the objectives and principal strategies of the particular series. The trustee of the collective trust retains final and complete authority to accept or reject the Adviser’s recommendations.

Mutual Fund Research Reports

The Adviser prepares and furnishes mutual fund research reports to an affiliated broker-dealer. The Adviser screens a limited universe of mutual funds for the affiliated broker-dealer using a combination of quantitative and qualitative analysis.

Asset Allocation Program

An asset allocation program (the "Program") is provided by the Adviser for use in certain variable annuity contracts issued by Transamerica Advisors Life Insurance Company ("TALIC") and Transamerica Advisors Life Insurance Company of New York ("TALICNY" and together with TALIC the "Companies"). The Program offers owners of such variable annuity contracts offered by TALIC and TALICNY (the "Contracts") several asset allocation models (each a "Model") created and revised periodically by the Adviser. The Adviser is responsible for evaluating investment options available under the Contracts and selecting the funds and periodic allocation percentage of assets for each Model. Each Model is intended for a specific type of investor based on risk profile, from aggressive to conservative, but the Models are not constructed on an individualized basis for any one client. For Merrill Lynch Investor Choice Annuity Contracts, there are currently six Models offered under the Program: (i) Conservative (ii) Moderately Conservative (iii) Moderate (iv) Moderately Aggressive (v) Aggressive and (vi) All Equity Plus. For all other contracts, there are currently five Models offered under the Program: (i) Conservative (ii) Moderately Conservative (iii) Moderate (iv) Moderately Aggressive and (v) Aggressive.

The Adviser constructs each model for each investor profile using the funds available through the Contract. The Adviser monitors the available funds on a continuing basis to identify those with characteristics that the Adviser believes are appropriate for a Model. The Adviser uses a variety of analytical tools and information sources in its ongoing assessments of the fund choices, including direct contacts with the investment firms and their portfolio managers, as appropriate. The Adviser selects the funds and determines the appropriate percentages thereof, that it feels are appropriate for the requirements of each Model. On a quarterly basis, the Adviser reviews the Models and may adjust the composition of each Model. Clients participating in the Program have their account value automatically rebalanced on a quarterly basis after having the opportunity to review and reject any Model changes.

The Program is offered to owners (who must be the direct or beneficial owners of the Contracts) of the following types of variable annuity contracts: non-qualified contracts, IRA contracts, Roth IRA contracts, SEP IRA contracts or tax sheltered annuity contracts or contracts purchased through an established IRA, Roth IRA, SIMPLE IRA or SEP IRA custodial account with Merrill Lynch, Pierce, Fenner & Smith.

Of course, the determination to purchase a Contract resides entirely with the client. For more information about the Contract, the Program and Models, and funds, please see the prospectus for the Contract and prospectuses or summary prospectuses for the funds, which are available from the Companies. Clients should read them carefully before investing.

TALIC and TALICNY provide clients with Contract statements showing variable annuity account values, as well as periodic performance reports. In addition, TALIC and TALICNY provide clients with additional reports in connection with their ownership of the Contract, including confirmations of activity showing any charges deducted and transfers among the investment options within their variable annuity contract, as required by law.

Clients should understand that in connection with the Program, the Adviser is acting as an investment adviser only with respect to asset allocation within a Model, and not with respect to any assets or accounts of Contract owners. The Adviser will not select a Model for a client. The Adviser's discretion is limited to selecting the funds within a Model and determining the percentages for the periodic allocation to each fund.

It is the obligation of clients to notify their financial advisor or the Companies promptly of any changes in their financial circumstances, investment goals or investment restrictions (if any). Clients are notified quarterly to emphasize the need for them to report such information, and the Adviser, or its designee, will notify clients at least annually to determine whether the client's financial situation, investment objectives or investment restrictions (if any) have changed.

Assets under Management

The Adviser currently manages client assets on a discretionary and non-discretionary basis. As of December 31, 2011, the Adviser managed approximately \$47.43 billion of client assets on a discretionary basis, and approximately \$1.69 billion of client assets on a non-discretionary basis.

Fees and Compensation

Fees for advisory services generally are expressed as a percentage of assets under management of the client and are paid on a monthly basis in arrears. All fees are subject to negotiation.

TAM Funds

For the advisory services provided and expenses assumed pursuant to the advisory agreements with the Funds, the Adviser receives fees from each Fund at an annual rate ranging from 0.05% to 1.30% of the average daily net assets of the respective Fund. Fees are deducted from Fund assets.

The Adviser receives compensation calculated daily and paid monthly from Fund assets at the annual rates indicated below (expressed as a percentage of the Fund's average daily net assets):

The following are series of Transamerica Funds:

Transamerica Arbitrage Strategy - 1.05% of the first \$50 million; 1.00% in excess of \$50 million.

Transamerica Asset Allocation - Conservative Portfolio, Transamerica Asset Allocation - Growth Portfolio, Transamerica Asset Allocation - Moderate Growth Portfolio, and Transamerica Asset Allocation - Moderate Portfolio - 0.10% of average daily net assets.

Transamerica Bond - 0.675% of the first \$200 million; 0.625% over \$200 million up to \$750 million; 0.575% in excess of \$750 million.

Transamerica Capital Growth - 0.80% of the first \$500 million; 0.675% in excess of \$500 million.

Transamerica Commodity Strategy - 0.61% of the first \$200 million; 0.59% over \$200 million up to \$1 billion; 0.56% in excess of \$1 billion.

Transamerica Core Bond - 0.45% of the first \$750 million; 0.40% over \$750 million up to \$1 billion; 0.375% in excess of \$1 billion.

Transamerica Developing Markets Debt - 0.95% of the first \$250 million; 0.85% over \$250 million up to \$500 million; 0.80% in excess of \$500 million.

Transamerica Developing Markets Equity - 1.20% of the first \$50 million; 1.15% over \$50 million up to \$200 million; 1.10% over \$200 million up to \$500 million; 1.05% in excess of \$500 million.

Transamerica Diversified Equity - 0.73% of the first \$500 million; 0.70% over \$500 million up to \$2.5 billion; 0.65% in excess of \$2.5 billion.

Transamerica Emerging Markets - 1.15% of the first \$300 million; 1.10% in excess of \$300 million.

Transamerica Emerging Markets Debt - 0.60% of the first \$400 million; 0.58% in excess of \$400 million.

Transamerica Emerging Markets Equity - 0.95% of the first \$250 million; 0.93% over \$250 million up to \$500 million; 0.90% in excess of \$500 million.

Transamerica Flexible Income - 0.475% of the first \$250 million; 0.425% over \$250 million up to \$350 million; 0.40% in excess of \$350 million.

Transamerica Global Allocation - 0.80% of the first \$100 million; 0.72% in excess of \$100 million.

Transamerica Global Macro - 1.25% of the first \$300 million; 1.20% in excess of \$300 million.

Transamerica Global Real Estate Securities - 0.80% of the first \$250 million; 0.775% over \$250 million up to \$500 million; 0.70% over \$500 million up to \$1 billion; 0.65% in excess of \$1 billion.

Transamerica Growth - 0.80% of the first \$250 million; 0.775% over \$250 million up to \$500 million; 0.70% over \$500 million up to \$1 billion; 0.675% over \$1 billion up to \$1.5 billion; 0.65% in excess of \$1.5 billion.

Transamerica Growth Opportunities - 0.80% of the first \$250 million; 0.75% over \$250 million up to \$500 million; 0.70% in excess of \$500 million.

Transamerica High Yield Bond - 0.59% of the first \$400 million; 0.575% over \$400 million up to \$750 million; 0.55% in excess of \$750 million.

Transamerica International - 1.00% of the first \$100 million; 0.95% in excess of \$100 million.

Transamerica International Bond - 0.55% of the first \$100 million; 0.52% over \$100 million up to \$250 million; 0.51% over \$250 million up to \$500 million; 0.50% over \$500 million up to \$1 billion; 0.47% in excess of \$1 billion.

Transamerica International Equity - 0.80% of the first \$250 million; 0.75% over \$250 million up to \$500 million; 0.725% over \$500 million up to \$1 billion; 0.70% in excess of \$1 billion.

Transamerica International Equity Opportunities - 0.90% of the first \$250 million; 0.875% over \$250 million up to \$500 million; 0.85% over \$500 million up to \$1 billion; 0.80% in excess of \$1 billion.

Transamerica International Small Cap - 1.07% of the first \$300 million; 1.00% in excess of \$300 million.

Transamerica International Value - 0.88% of the first \$200 million; 0.81% over \$200 million up to \$500 million; 0.77% in excess of \$500 million.

Transamerica International Value Opportunities - 1.10% of the first \$100 million; 1.00% over \$100 million up to \$300 million; 0.95% in excess of \$300 million.

Transamerica Large Cap Growth - 0.675% of the first \$250 million; 0.65% over \$250 million up to \$1 billion; 0.60% in excess of \$1 billion.

Transamerica Large Cap Value - 0.80% of the first \$250 million; 0.775% over \$250 million up to \$750 million; 0.75% over \$750 million up to \$1 billion; 0.65% over \$1 billion up to \$2 billion; 0.625% in excess of \$2 billion.

Transamerica Long/Short Strategy - 1.30%.

Transamerica Managed Futures Strategy - 1.10% of the first \$500 million; 1.05% in excess of \$500 million.

Transamerica Mid Cap Value - 0.85% of the first \$100 million; 0.80% in excess of \$100 million.

Transamerica Money Market - 0.40%.

Transamerica Multi-Managed Balanced - 0.75% of the first \$500 million; 0.65% over \$500 million up to \$1 billion; 0.60% in excess of \$1 billion.

Transamerica Multi-Manager Alternative Strategies Portfolio - 0.20% of the first \$500 million; 0.19% over \$500 million up to \$1 billion; 0.18% in excess of \$1 billion.

Transamerica Multi-Manager International Portfolio - 0.10%.

Transamerica Quality Value - 0.70% of the first \$1 billion; 0.675% in excess of \$1 billion.

Transamerica Real Return TIPS - 0.70% of the first \$250 million; 0.65% over \$250 million up to \$750 million; 0.60% over \$750 million up to \$1 billion; 0.55% in excess of \$1 billion.

Transamerica Select Equity - 0.80% of the first \$200 million; 0.74% over \$200 million up to \$500 million; 0.69% over \$500 million up to \$1 billion; 0.67% over \$1 billion up to \$1.5 billion; 0.62% in excess of \$1.5 billion.

Transamerica Short-Term Bond - 0.55% of the first \$250 million; 0.50% over \$250 million up to \$500 million; 0.475% over \$500 million up to \$1 billion; 0.45% in excess of \$1 billion.

Transamerica Small Cap Value - 0.86% of the first \$250 million; 0.84% in excess of \$250 million.

Transamerica Small Company Growth - 0.95% of the first \$500 million; 0.85% in excess of \$500 million.

Transamerica Small/Mid Cap Value - 0.80% of the first \$500 million; 0.75% in excess of \$500 million.

Transamerica Tactical Income - 0.47% of the first \$1 billion; 0.45% over \$1 billion up to \$2 billion; 0.43% in excess of \$2 billion.

Transamerica Total Return - 0.675% of the first \$250 million; 0.65% over \$250 million up to \$750 million; 0.60% in excess of \$750 million.

Transamerica Value - 0.80%.

The following are series of TST:

Transamerica AEGON Active Asset Allocation - Conservative VP – 0.55% of the first \$50 million; 0.53% over \$50 million up to \$250 million; 0.51% in excess of \$250 million.

Transamerica AEGON Active Asset Allocation – Moderate Growth VP – 0.55% of the first \$50 million; 0.53% over \$50 million up to \$250 million; 0.51% in excess of \$250 million.

Transamerica AEGON Active Asset Allocation - Moderate VP – 0.55% of the first \$50 million; 0.53% over \$50 million up to \$250 million; 0.51% in excess of \$250 million.

Transamerica AEGON High Yield Bond VP - 0.64% of the first \$750 million; 0.60% in excess of \$750 million.

Transamerica AEGON Money Market VP - 0.35%.

Transamerica AEGON U.S. Government Securities VP - 0.55%.

Transamerica AllianceBernstein Dynamic Allocation VP - 0.75% of the first \$250 million; 0.70% in excess of \$250 million.

Transamerica Asset Allocation - Conservative VP, Transamerica Asset Allocation - Growth VP, Transamerica Asset Allocation - Moderate VP, and Transamerica Asset Allocation - Moderate Growth VP - 0.10%.

Transamerica BlackRock Global Allocation VP - 0.05%.

Transamerica BlackRock Large Cap Value VP - 0.80% of first \$250 million; 0.775% over \$250 million up to \$750 million; 0.75% over \$750 million up to \$1 billion; 0.65% over \$1 billion up to \$2 billion; 0.625% in excess of \$2 billion.

Transamerica BlackRock Tactical Allocation VP - 0.10% of the first \$1 billion; 0.08% in excess of \$1 billion.

Transamerica Clarion Global Real Estate Securities VP - 0.80% of the first \$250 million; 0.775% over \$250 million up to \$500 million; 0.70% over \$500 million up to \$1 billion; 0.65% in excess of \$1 billion.

Transamerica Efficient Markets VP – 0.42% of the first \$50 million; 0.40% over \$50 million up to \$250 million; 0.38% in excess of \$250 million.

Transamerica Hanlon Balanced VP - 0.90% of the first \$500 million; 0.875% over \$500 million up to \$1 billion; 0.85% in excess of \$1 billion.

Transamerica Hanlon Growth VP - 0.90% of the first \$500 million; 0.875% over \$500 million up to \$1 billion; 0.85% in excess of \$1 billion.

Transamerica Hanlon Growth and Income VP - 0.90% of the first \$500 million; 0.875% over \$500 million up to \$1 billion; 0.85% in excess of \$1 billion.

Transamerica Hanlon Income VP - 0.90% of the first \$500 million; 0.875% over \$500 million up to \$1 billion; 0.85% in excess of \$1 billion.

Transamerica Index 35 VP - 0.32% of the first \$50 million; 0.30% over \$50 million up to \$250 million; 0.28% in excess of \$250 million.

Transamerica Index 50 VP - 0.32% of the first \$50 million; 0.30% over \$50 million up to \$250 million; 0.28% in excess of \$250 million.

Transamerica Index 75 VP - 0.32% of the first \$50 million; 0.30% over \$50 million up to \$250 million; 0.28% in excess of \$250 million.

Transamerica Index 100 VP - 0.32% of the first \$50 million; 0.30% over \$50 million up to \$250 million; 0.28% in excess of \$250 million.

Transamerica International Moderate Growth VP - 0.10%.

Transamerica Janus Balanced VP - 0.73% of the first \$250 million; 0.70% over \$250 million up to \$500 million; 0.675% over \$500 million up to \$1 billion; 0.65% in excess of \$1 billion.

Transamerica Jennison Growth VP - 0.80% of the first \$250 million; 0.75% over \$250 million up to \$500 million; 0.70% over \$500 million up to \$1 billion; 0.60% in excess of \$1 billion.

Transamerica JPMorgan Core Bond VP - 0.45% of the first \$750 million; 0.40% over \$750 million up to \$1 billion; 0.375% in excess of \$1 billion.

Transamerica JPMorgan Enhanced Index VP - 0.74% of the first \$750 million; 0.69% over \$750 million up to \$1 billion; 0.65% in excess of \$1 billion.

Transamerica JPMorgan Mid Cap Value VP - 0.85% up to \$100 million; 0.80% in excess of \$100 million.

Transamerica JPMorgan Tactical Allocation VP - 0.70% of the first \$500 million; 0.675% over \$500 million up to \$750 million; 0.65% in excess of \$750 million.

Transamerica Legg Mason Dynamic Allocation – Balanced VP - 0.58% of the first \$350 million; 0.56% over \$350 million up to \$750 million; 0.53% over \$750 million up to \$1.5 billion; 0.51% in excess of \$1.5 billion.

Transamerica Legg Mason Dynamic Allocation – Growth VP - 0.60% of the first \$250 million; 0.57% over \$250 million up to \$750 million; 0.54% over \$750 million up to \$1 billion; 0.53% over \$1 billion up to \$1.5 billion; 0.52% in excess of \$1.5 billion.

Transamerica Madison Balanced Allocation VP - 0.15%.

Transamerica Madison Conservative Allocation VP - 0.15%.

Transamerica Madison Diversified Income VP - 0.75%.

Transamerica Madison Large Cap Growth VP - 0.80%.

Transamerica Madison Moderate Growth Allocation VP - 0.15%.

Transamerica MFS International Equity VP - 0.90% of the first \$250 million; 0.875% over \$250 million up to \$500 million; 0.85% over \$500 million up to \$1 billion; 0.80% in excess of \$1 billion.

Transamerica Morgan Stanley Active International Allocation VP - 0.85% of the first \$250 million; 0.80% over \$250 million up to \$1 billion; 0.775% in excess of \$1 billion.

Transamerica Morgan Stanley Capital Growth VP - 0.80% of the first \$500 million; 0.675% in excess of \$500 million.

Transamerica Morgan Stanley Mid-Cap Growth VP - 0.80% of the first \$1 billion; 0.775% in excess of \$1 billion.

Transamerica Multi-Managed Balanced VP - 0.75% of the first \$500 million; 0.65% over \$500 million up to \$1 billion; 0.60% in excess of \$1 billion.

Transamerica Multi Managed Large Cap Core VP - 0.75% of the first \$250 million; 0.70% in excess of \$250 million.

Transamerica PIMCO Real Return TIPS VP - 0.70% of the first \$250 million; 0.65% over \$250 million up to \$750 million; 0.60% over \$750 million up to \$1 billion; 0.55% in excess of \$1 billion.

Transamerica PIMCO Total Return VP - 0.675% of the first \$250 million; 0.65% over \$250 million up to \$750 million; 0.60% in excess of \$750 million.

Transamerica ProFund UltraBear VP - 0.85% of the first \$250 million; 0.80% over \$250 million up to \$750 million; 0.75% in excess of \$750 million.

Transamerica Systematic Small/Mid Cap Value VP - 0.80% of the first \$500 million; 0.75% in excess of \$500 million.

Transamerica T. Rowe Price Small Cap VP - 0.75%.

Transamerica Third Avenue Value VP - 0.80%.

Transamerica WMC Diversified Growth VP - 0.75% of the first \$500 million; 0.70% over \$500 million up to \$2.5 billion; 0.65% in excess of \$2.5 billion.

Transamerica WMC Diversified Growth II VP - 0.30%.

The following are series of TPP:

Transamerica Partners Balanced Portfolio - 0.45%.

Transamerica Partners Core Bond Portfolio - 0.35%.

Transamerica Partners High Quality Bond Portfolio - 0.35%.

Transamerica Partners High Yield Bond Portfolio - 0.55%.

Transamerica Partners Inflation-Protected Securities Portfolio - 0.35%.

Transamerica Partners International Equity Portfolio - 0.75%.

Transamerica Partners Large Core Portfolio - 0.60%.

Transamerica Partners Large Growth Portfolio - 0.62%.

Transamerica Partners Large Value Portfolio - 0.45%.

Transamerica Partners Mid Growth Portfolio - 0.72%.

Transamerica Partners Mid Value Portfolio - 0.67%.

Transamerica Partners Money Market Portfolio - 0.25%.

Transamerica Partners Small Core Portfolio - 0.80%.

Transamerica Partners Small Growth Portfolio - 0.87%.

Transamerica Partners Small Value Portfolio - 0.82%.

The following are series of TPFG:

Transamerica Institutional Asset Allocation - Intermediate Horizon - 0.10%.

Transamerica Institutional Asset Allocation - Intermediate/Long Horizon - 0.10%.

Transamerica Institutional Asset Allocation - Long Horizon - 0.10%.

Transamerica Institutional Asset Allocation - Short Horizon - 0.10%.

Transamerica Institutional Asset Allocation - Short/Intermediate Horizon - 0.10%.

Transamerica Partners Balanced - 0.45%.

Transamerica Partners Core Bond - 0.35%.

Transamerica Partners High Quality Bond - 0.35%.

Transamerica Partners High Yield Bond - 0.55%.

Transamerica Partners Inflation-Protected Securities - 0.35%.

Transamerica Partners International Equity - 0.75%.

Transamerica Partners Large Core - 0.60%.

Transamerica Partners Large Growth - 0.62%.

Transamerica Partners Large Value - 0.45%.

Transamerica Partners Mid Growth - 0.72%.

Transamerica Partners Mid Value - 0.67%.

Transamerica Partners Money Market - 0.25%.

Transamerica Partners Small Core - 0.80%.

Transamerica Partners Small Growth - 0.87%.

Transamerica Partners Small Value - 0.82%.

Transamerica Partners Stock Index - 0.40%.

Note: Each of the series of TPFPG, other than the asset allocation funds, invests all or substantially all of its assets in a single registered investment company. Pursuant to the investment advisory agreement for each such series, the annual fee computed as set forth above shall be reduced by the aggregate management fees allocated to that series for the series' then-current fiscal year from such other registered investment company.

The following are series of TPFGII:

Transamerica Asset Allocation - Intermediate Horizon - 0.10%.

Transamerica Asset Allocation - Intermediate/Long Horizon - 0.10%.

Transamerica Asset Allocation - Long Horizon - 0.10%.

Transamerica Asset Allocation - Short Horizon - 0.10%.

Transamerica Asset Allocation - Short/Intermediate Horizon - 0.10%.

Transamerica Partners Institutional Balanced - 0.45%.

Transamerica Partners Institutional Core Bond - 0.35%.

Transamerica Partners Institutional High Quality Bond - 0.35%.

Transamerica Partners Institutional High Yield Bond - 0.55%.

Transamerica Partners Institutional Inflation-Protected Securities - 0.35%.

Transamerica Partners Institutional International Equity - 0.75%.

Transamerica Partners Institutional Large Core - 0.60%.

Transamerica Partners Institutional Large Growth - 0.62%.

Transamerica Partners Institutional Large Value - 0.45%.

Transamerica Partners Institutional Mid Growth - 0.72%.

Transamerica Partners Institutional Mid Value - 0.67%.

Transamerica Partners Institutional Money Market - 0.25%.

Transamerica Partners Institutional Small Core - 0.80%.

Transamerica Partners Institutional Small Growth - 0.87%.

Transamerica Partners Institutional Small Value - 0.82%.

Transamerica Partners Institutional Stock Index - 0.40%.

Note: Each of the series of TPFGII, other than the asset allocation funds, invests all or substantially all of its assets in a single registered investment company. Pursuant to the investment advisory agreement for each such series, the annual fee computed as set forth above shall be reduced by the aggregate management fees allocated to that series for the series' then-current fiscal year from such other registered investment company.

The following are series of TAAVF:

Transamerica Asset Allocation Intermediate Horizon Subaccount - 0.20%.

Transamerica Asset Allocation Intermediate/Long Horizon Subaccount - 0.20%.

Transamerica Asset Allocation Short Horizon Subaccount - 0.20%.

TIS - 1/2 of 1%.

Each sub-adviser to a Fund may voluntarily waive a portion of its sub-advisory fee. To the extent any waiver is made, the Adviser will be able to retain a larger portion of its management fee. The Adviser may use such amounts to pay its obligation under any applicable expense limitation agreement. In such cases, the sub-adviser would effectively be assisting the Adviser in meeting its obligation under such expense limitation agreement. Each Fund's board of directors/trustees periodically reviews and evaluates advisory and sub-advisory fees and fee waivers in connection with its review of the applicable investment advisory and sub-advisory agreements.

The Adviser's fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses which will be incurred by the Funds. For more information, please refer to the disclosure in "Brokerage Practices" later in this brochure.

The Funds also pay certain other fees and expenses, including transfer agent fees, custodian fees, legal and audit expenses and other administrative fees and expenses. Certain share classes of the Funds pay distribution and service fees. Certain Funds that invest in other funds bear a pro rata portion of the operating expenses of the underlying funds in which they invest.

The Adviser and its affiliates, directors, officers, employees and personnel (collectively, for purposes of this sub-section, "Transamerica") and other financial service providers have conflicts associated with their promotion of the Funds or other dealings with the Funds that would create incentives for them to promote the Funds. Transamerica may directly or indirectly receive a portion of the fees and commissions charged to the Funds or their shareholders. Transamerica will also benefit from increased amounts of assets under management. This differential in compensation may create a financial incentive on the part of Transamerica to recommend the Funds over other accounts or products or to effect transactions differently in the Funds as compared to other accounts or products. Transamerica has an interest in increasing Fund assets, including in circumstances when that may not be in the Funds' or their shareholders' interests.

Transamerica and/or the Fund's sub-advisers (or their affiliates), out of their past profits and other available sources, provide cash payments or non-cash compensation to brokers and other financial intermediaries to promote the distribution of the Funds, other products managed or advised by the Adviser or the variable insurance contracts that invest in certain Funds. These arrangements are sometimes referred to as "revenue sharing" arrangements. The amount of revenue sharing payments is substantial and may be substantial to any given recipient. The presence of these payments and the basis on which an intermediary compensates its registered representatives or salespersons may create an incentive for a particular intermediary, registered representative or salesperson to highlight, feature or recommend the Funds or other products managed or advised by the Adviser, at least in part, based on the level of compensation paid. Revenue sharing payments benefit Transamerica to the extent the payments result in more assets being invested in the Funds and other products managed or advised by the Adviser on which fees are being charged.

Collective Trust

The Adviser currently receives no advisory fee from the collective trust because of an all-in fee charged at the separate account level. The Adviser currently receives no advisory fee from Transamerica Life Insurance Company for serving as investment adviser to the collective trust. The Adviser serves as the investment adviser to the underlying funds in which certain series of the collective trust invest, and receives fees for such services from the underlying funds.

Mutual Fund Research Reports

For providing mutual fund research reports to the affiliated broker-dealer, the Adviser receives an annual fee of \$75,000. The Adviser bills the affiliated broker-dealer annually per a contractual arrangement.

Asset Allocation Program

For serving as the investment adviser for the Program, the Adviser receives fees from TALIC and TALICNY in the amount of 0.0375% calculated as a percentage of the total TALIC and TALICNY Investor Choice Annuity contract assets participating in the Program. TALIC and TALICNY provide a statement to the Adviser detailing the calculation of the prior month's fees. TALIC and TALICNY pay the Adviser the fees earned within 10 days of the prior month's end.

There is no charge to the client for participation in the Program; however, the client directly, or in the case of a Contract owned by an individual retirement account or Roth individual retirement account, indirectly, pays the fees associated with the Contract, including the charges for Annual Contract Maintenance, Mortality and Expense Risks, Administration and any applicable Surrender Charges. Similarly, the client directly, or in the case of a Contract owned by an individual retirement account or Roth individual retirement account, indirectly, will also bear a proportionate share of the expenses of the funds comprising the Model, as will the other Contract owners who do not participate in the Program but are invested in the same funds that comprise the Model. Investment management fees (as well as other fund expenses, including any applicable expenses relating to fund administration, accounting, custody, audit, legal and directors' compensation) may vary among the funds comprising the Models as described in the Contract and applicable fund prospectuses, including the statements of additional information.

Performance-Based Fees and Side-By-Side Management

The Adviser does not currently charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Types of Clients

As discussed in "Advisory Business" above, the Adviser provides investment advisory and management services to investment companies registered under the 1940 Act. The Adviser also provides investment advice to a privately-offered pooled investment vehicle, an affiliated broker-dealer and an asset allocation program for use in certain variable annuity contracts issued by affiliated insurance companies.

Certain Funds have minimum initial and subsequent investment amounts. Certain Funds also require minimum account balances. These amounts are set forth in the Funds' current prospectuses.

Methods of Analysis, Investment Strategies and Risk of Loss

TAM Funds

As discussed under "Advisory Business" above, the Adviser serves as investment adviser to each of the Funds in TAM. The Adviser currently renders "manager of managers" investment advisory services to a number of funds in TAM and hires sub-advisers to furnish investment advice and recommendations and has entered into a sub-advisory agreement with the Funds' sub-advisers. The Adviser is responsible for the day-to-day management of certain other funds in TAM.

Sub-advised Funds

As a manager of managers, the Adviser's primary strategy for these Funds is to select sub-advisers to provide day-to-day management services to the Funds. TAM includes a broad spectrum of funds, each with varying levels of risk and potential reward. The Adviser oversees Funds across a wide range of asset classes and investment styles. The investment strategies employed include asset allocation, equity, fixed income, money market and alternative strategies. The Adviser draws on the expertise of highly-accredited industry professionals to construct customized investment solutions that seek attractive long-term risk-adjusted performance. To seek performance, the Adviser's investment management team is dedicated to a selection process designed to help identify top tier industry talent from around the world.

The Adviser evaluates, selects and monitors potential and current sub-advisers. The goals of the Adviser's research process are clear and simple:

- Create and maintain a platform of investment managers combining consistent, above average performance with prudent risk management techniques.
- Focus on investment managers who the Adviser believes are able to protect capital and maintain participation in up markets.
- Compound small advantages into attractive long-term performance.
- Provide quality investment managers at fair and reasonable pricing.

Through this process, the Adviser selects sub-advisers based on an evaluation of their abilities in managing assets pursuant to a particular investment style among other things. The Adviser closely monitors the performance, risk, style and consistency of the sub-advisers. The Adviser also monitors for any organizational or investment process changes with respect to the sub-advisers.

All investments involve risk. There can be no assurance that a Fund's investment objective will be attained. The value of a Fund's investments and, therefore, investment performance will vary from day to day. The investment decisions made, and the actions taken, for a Fund by the Adviser or its sub-adviser will be subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Certain risks of the Sub-advised Funds are summarized in a section below titled "TAM Fund Risks."

TAM Asset Allocation Funds (Transamerica Funds and Transamerica Series Trust)

The Adviser is responsible for the day-to-day management of Transamerica Multi-Manager Alternative Strategies Portfolio, Transamerica Asset Allocation – Conservative VP, Transamerica Asset Allocation – Growth VP, Transamerica Asset Allocation – Moderate Growth VP, Transamerica Asset Allocation – Moderate VP and Transamerica International Moderate Growth VP are each asset allocation funds (the "Asset Allocation Funds"). The Asset Allocation Funds invest in various underlying funds in TAM. Each underlying fund has its own investment objective, principal investment strategies and investment risks. It is not possible to predict the extent to which an Asset Allocation Fund will be invested in a particular underlying fund at any time. The investment strategies of the Asset Allocation Funds are summarized below.

FUND	PRINCIPAL INVESTMENT STRATEGIES AND RISKS
Transamerica Multi-Manager Alternative Strategies Portfolio	<p>The fund seeks to achieve its investment objective by investing its assets in a combination of underlying Transamerica Funds ("underlying funds").</p> <ul style="list-style-type: none"> • Under normal circumstances, the fund expects to invest primarily in underlying funds that use alternative investment strategies or invest in alternative asset classes, including but not limited to: <ul style="list-style-type: none"> • Long-short and market-neutral strategies; • Bear-market strategies; • Tactical investment strategies (bond and/or equity); • Merger arbitrage; • Foreign currency trading strategies; • Real estate strategies; • Managed futures strategies; • Commodities and/or natural resources and/or precious metals; and • Non-core investments (such as micro-cap stocks, emerging markets equities, TIPS and foreign bonds). • Allocation of assets among the underlying funds is intended to achieve moderate capital appreciation with limited volatility and correlation with the mainstream equity and bond markets. • The fund may also invest directly in U.S. government securities and/or short-term commercial paper.

Transamerica Asset Allocation – Conservative VP	<p>The portfolio seeks to achieve its investment objective by investing its assets in a broad mix of underlying Transamerica funds ("underlying portfolios").</p> <ul style="list-style-type: none"> •Under normal circumstances, the portfolio expects to allocate substantially all of its assets among underlying portfolios to achieve targeted exposure to domestic equities, international equities and fixed-income investments. The portfolio intends to achieve a mix over time of approximately 35% of portfolio assets in underlying portfolios that invest primarily in equities, which may include both stocks and commodity-related securities, and 65% of portfolio assets in underlying portfolios that invest primarily in fixed-income, which may include bonds, cash, cash equivalents, and other money market instruments. These percentages may vary. The portfolio is subject to volatility guidelines. Based on these guidelines and the level of volatility of the equity markets, the portfolio's investment adviser may increase equity exposure to approximately 50% or may decrease equity exposure to approximately 15%. Notwithstanding the guidelines, the investment adviser may elect to allocate fewer assets to equities when it believes it is advisable to do so. •Allocation of assets among the underlying portfolios is based on such things as diversification, general market outlooks, volatility in the equity markets, historical performance, current valuations, and other global economic factors. Allocation to high yield bonds will not exceed 10% of the fixed-income allocation of the portfolio, and will not exceed 5% of the overall portfolio's assets. •The portfolio may also invest directly in U.S. government securities and/or short-term commercial paper.
Transamerica Asset Allocation – Growth VP	<p>The portfolio seeks to achieve its investment objective by investing its assets in a broad mix of underlying Transamerica funds ("underlying portfolios").</p> <ul style="list-style-type: none"> •Under normal circumstances, the portfolio expects to invest primarily in underlying portfolios that invest in equities, which may include stocks, commodity-related securities and alternative investments. •Allocation of assets among the underlying portfolios is based on such things as diversification, general market outlooks, historical performance, current valuations, and other global economic factors. •The portfolio may also invest directly in U.S. government securities and/or short-term commercial paper.
Transamerica Asset Allocation – Moderate Growth VP	<p>The portfolio seeks to achieve its investment objective by investing its assets in a broad mix of underlying Transamerica funds ("underlying portfolios").</p> <ul style="list-style-type: none"> •Under normal circumstances, the portfolio expects to allocate substantially all of its assets among underlying portfolios to achieve targeted exposure to domestic equities, international equities and fixed-income investments. The portfolio intends

	<p>to achieve a mix over time of approximately 70 % of portfolio assets in underlying portfolios that invest primarily in equities, which may include both stocks and commodity-related securities, and 30% of portfolio assets in underlying portfolios that invest primarily in fixed-income, which may include bonds, cash, cash equivalents, and other money market instruments. These percentages may vary. The portfolio is subject to volatility guidelines. Based on these guidelines and the level of volatility of the equity markets, the portfolio's investment adviser may increase equity exposure to approximately 85% or may decrease equity exposure to approximately 50%. Notwithstanding the guidelines, the investment adviser may elect to allocate fewer assets to equities when it believes it is advisable to do so.</p> <ul style="list-style-type: none"> •Allocation of assets among the underlying portfolios is based on such things as diversification, general market outlooks, volatility in the equity markets, historical performance, current valuations, and other global economic factors. Allocation to high yield bonds will not exceed 10% of the fixed-income allocation of the portfolio, and will not exceed 5% of the overall portfolio's assets. •The portfolio may also invest directly in U.S. government securities and/or short-term commercial paper.
<p>Transamerica Asset Allocation – Moderate VP</p>	<p>The portfolio seeks to achieve its investment objective by investing its assets in a broad mix of underlying Transamerica funds ("underlying portfolios").</p> <ul style="list-style-type: none"> •Under normal circumstances, the portfolio expects to allocate substantially all of its assets among underlying portfolios to achieve targeted exposure to domestic equities, international equities and fixed-income investments. The portfolio intends to achieve a mix over time of approximately 50% of portfolio assets in underlying portfolios that invest primarily in equities, which may include both stocks and commodity-related securities, and 50% of portfolio assets in underlying portfolios that invest primarily in fixed-income, which may include bonds, cash, cash equivalents, and other money market instruments. These percentages may vary. The portfolio is subject to volatility guidelines. Based on these guidelines and the volatility of the equity markets, the portfolio's investment adviser may increase equity exposure to approximately 65% or may decrease equity exposure to approximately 30%. Notwithstanding the guidelines, the investment adviser may elect to allocate fewer assets to equities when it believes it is advisable to do so. •Allocation of assets among the underlying portfolios is based on such things as diversification, general market outlooks, volatility in the equity markets, historical performance, current valuations, and other global economic factors. Allocation to high yield bonds will not exceed 10% of the fixed-income allocation of the portfolio, and will not exceed 5% of the overall portfolio's assets. •The portfolio may also invest directly in U.S. government securities and/or short-term commercial paper.

Transamerica International Moderate Growth VP	<p>The portfolio seeks to achieve its investment objective by investing its assets in a broad mix of underlying Transamerica funds (the “underlying portfolios”).</p> <ul style="list-style-type: none"> •Under normal circumstances, the portfolio expects to allocate its investments in underlying portfolios to hold a mix of approximately 65% of its assets in equity securities of issuers in international developed markets; 30% of its assets in domestic (U.S. domiciled) bonds; and 5% of its assets in equity and fixed-income securities of issuers economically tied to a number of emerging markets countries and in fixed-income securities of issuers in international developed markets. These percentages may vary. •Allocation of assets among the underlying portfolios is based on such things as diversification, general market outlooks, volatility in the equity markets, historical performance, current valuations, and other global economic factors. Allocation to high yield bonds will not exceed 10% of the fixed-income allocation of the portfolio, and will not exceed 5% of the overall portfolio’s assets. •The portfolio may periodically adjust its allocations to favor investments in those underlying portfolios that it believes will provide the most favorable outlook for achieving its investment objective. •The portfolio may also invest directly in U.S. government securities and/or short-term commercial paper.
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Each underlying fund has its own investment objective, principal investment strategies and investment risks. The “Underlying Funds” section of the Asset Allocation Fund’s prospectus lists the underlying funds currently available for investment by each Asset Allocation Fund, provides a summary of their respective investment objectives and principal investment strategies, and identifies certain risks of the underlying funds.

It is not possible to predict the extent to which an Asset Allocation Fund will be invested in a particular underlying fund at any time. Each Asset Allocation Fund may be a significant shareholder in certain underlying funds.

The Adviser may change each Asset Allocation Fund’s asset allocation and underlying funds at any time without notice to shareholders and without shareholder approval.

Under adverse or unstable market, economic or political conditions, each Asset Allocation Fund may take temporary defensive positions in cash and short-term debt securities without limit.

Certain risks of the Asset Allocation Funds are summarized in a section below titled “TAM Fund Risks.”

Transamerica Asset Allocation Funds (Transamerica Partners)

The Adviser is responsible for the day-to-day management of the Transamerica Asset Allocation Funds of Transamerica Partners Funds Group and Transamerica Partners Funds Group II. The Transamerica Asset Allocation Funds each invest in a combination of Transamerica Partners funds (“underlying funds”). The Adviser selects the combination and amount of underlying funds to invest in based on each fund’s investment goal. Each fund invests in securities through an underlying fund having the same investment goals and strategies as the investing fund. The fund may invest in one or more underlying funds. The investment strategies of the funds are summarized below.

FUND**PRINCIPAL INVESTMENT STRATEGIES AND RISKS**

	<p>The following charts show approximately how much of the assets of each fund are invested in Transamerica Partners Bond, Stock and Money Market Funds. These allocations reflect the Adviser’s present strategy for asset allocation during normal market conditions, and may be changed at any time without notice to shareholders and without shareholder approval. In the short-term, actual asset allocations may vary due to short-term changes in cash flows caused by purchases and redemptions in the fund. The Adviser may allocate the assets of the fund without limit to the Money Market Fund in attempting to respond to adverse market or other conditions or to process a large purchase or redemption within the fund. For more information on allocations to the underlying funds, see the funds’ current prospectus.</p> <p>Each fund is a non-diversified fund, meaning that it is not limited by the Investment Company Act of 1940 as to the amount of its assets that may be invested in a single issuer. The funds invest in the underlying funds, which are diversified.</p> <p>Each underlying fund has its own investment objective and principal investment strategies. The sub-adviser for each underlying fund decides which securities to purchase and sell for that underlying fund.</p> <p>Each fund may invest its assets in cash, cash equivalent securities or short-term debt securities, repurchase agreements and money market securities. Under adverse or unstable market, economic or political conditions, the fund may take temporary defensive positions in cash and short-term debt securities without limit.</p>						
<p>Transamerica Asset Allocation - Intermediate Horizon</p> <p>Transamerica Institutional Asset Allocation - Intermediate Horizon</p>	<p><u>Normal Approximate Allocations</u></p> <table><tr><td>Bond Funds</td><td>Stock Funds</td><td>Money Market Fund</td></tr><tr><td>48%</td><td>50%</td><td>2%</td></tr></table>	Bond Funds	Stock Funds	Money Market Fund	48%	50%	2%
Bond Funds	Stock Funds	Money Market Fund					
48%	50%	2%					
<p>Transamerica Asset Allocation – Intermediate/Long Horizon</p> <p>Transamerica Institutional Asset Allocation – Intermediate/Long Horizon</p>	<p><u>Normal Approximate Allocations</u></p> <table><tr><td>Bond Funds</td><td>Stock Funds</td><td>Money Market Fund</td></tr><tr><td>28%</td><td>70%</td><td>2%</td></tr></table>	Bond Funds	Stock Funds	Money Market Fund	28%	70%	2%
Bond Funds	Stock Funds	Money Market Fund					
28%	70%	2%					
<p>Transamerica Asset Allocation – Long Horizon</p> <p>Transamerica Institutional Asset Allocation – Long Horizon</p>	<p><u>Normal Approximate Allocations</u></p> <table><tr><td>Bond Funds</td><td>Stock Funds</td><td>Money Market Fund</td></tr><tr><td>8%</td><td>90%</td><td>2%</td></tr></table>	Bond Funds	Stock Funds	Money Market Fund	8%	90%	2%
Bond Funds	Stock Funds	Money Market Fund					
8%	90%	2%					
<p>Transamerica Asset Allocation – Short/Intermediate Horizon</p> <p>Transamerica Institutional Asset Allocation – Short/Intermediate Horizon</p>	<p><u>Normal Approximate Allocations</u></p> <table><tr><td>Bond Funds</td><td>Stock Funds</td><td>Money Market Fund</td></tr><tr><td>68%</td><td>30%</td><td>2%</td></tr></table>	Bond Funds	Stock Funds	Money Market Fund	68%	30%	2%
Bond Funds	Stock Funds	Money Market Fund					
68%	30%	2%					

Transamerica Asset Allocation – Short Horizon	Normal Approximate Allocations		
	Bond Funds	Stock Funds	Money Market Fund
Transamerica Institutional Asset Allocation – Short Horizon	88%	10%	2%

Certain risks of the Transamerica Asset Allocation Funds are summarized below.

TAM Fund Risks

A summary of certain risks (in alphabetical order) of investing in the TAM Funds is set forth below. This summary of certain risks is not a complete list of the risks involved in investing in the Funds.

- **Active Trading** – Certain Funds are actively managed and may purchase and sell securities without regard to the length of time held. Active trading may have a negative impact on performance by increasing transaction costs and may generate greater amounts of net short-term capital gains, which, for shareholders holding shares in taxable accounts, would be subject to tax at ordinary income tax rates upon distribution.
- **Arbitrage** – Securities purchased pursuant to an arbitrage strategy intended to take advantage of a perceived relationship between the value of two or more securities may not perform as expected.
- **Asset Allocation** – The Investment Adviser allocates a Fund's assets among various underlying funds. These allocations may be unsuccessful in maximizing the Fund's return and/or avoiding investment losses, and may cause the fund to underperform other funds with a similar strategy.
- **Cash Management and Defensive Investing** – Money market instruments or short-term debt securities held by a Fund for cash management or defensive investing purposes can fluctuate in value. Like other fixed income securities, they are subject to risk, including market, interest rate and credit risk. If a Fund holds cash uninvested, the Fund will be subject to the credit risk of the depository institution holding the cash, it will not earn income on the cash and the Fund's yield will go down. To the extent that the Fund's assets are used for cash management or defensive investing purposes, it will be more difficult for the Fund to achieve its objective.
- **Credit** – If an issuer or guarantor of a security held by a Fund or a counterparty to a financial contract with the Fund defaults or is downgraded, or is perceived to be less creditworthy, or if the credit quality or value of any underlying assets declines, the value of your investment will decline. Junk bonds have a higher risk of default or are already in default and are considered speculative. Subordinated securities are more likely to suffer a credit loss than non-subordinated securities of the same issuer and will be disproportionately affected by a default, downgrade or perceived decline in creditworthiness.
- **Commodities** – To the extent a Fund invests in commodities or instruments whose performance is linked to the price of an underlying commodity or commodity index, the Fund will be subject to the risks of investing in commodities, including regulatory, economic and political developments, weather events and natural disasters and market disruptions. The Fund's investment exposure to the commodities markets may subject the Fund to greater volatility than investments in more traditional securities, such as stocks and bonds. Commodities and commodity-linked investments may be less liquid than other investments. Commodity-linked investments are subject to the credit risks associated with the issuer, and their values may decline substantially if the issuer's creditworthiness deteriorates.
- **Currency** – The value of a Fund's securities denominated in foreign currencies fluctuates as the rates of exchange between those currencies and the U.S. dollar change. Currency exchange rates can be volatile and are affected by, among other factors, the general economics of a country, the actions of the U.S. and foreign governments or central banks, the imposition of currency controls, and speculation.
- **Derivatives** – Using derivatives exposes a Fund to additional risks and can increase portfolio losses and reduce opportunities for gains when market prices, interest rates or the derivative instruments themselves behave in a way not anticipated by the Funds. Using derivatives also can have a leveraging effect and increase portfolio volatility. A Fund may also have to sell assets at inopportune

times to satisfy its obligations. Derivatives may be difficult to sell, unwind or value, and the counterparty may default on its obligations to the Funds. A Fund's investments in derivative instruments may involve a small investment relative to the amount of investment exposure assumed and may result in losses exceeding the amounts invested in those instruments. Recent legislation calls for new regulation of the derivatives markets. The extent and impact of the regulation are not yet fully known and may not be for some time. New regulation of derivatives may make them more costly, may limit their availability, or may otherwise adversely affect their value or performance.

- **Emerging Markets** – Investments in the securities of issuers located in or principally doing business in emerging markets are subject to foreign securities risks. These risks are greater for investments in emerging markets. Emerging market countries tend to have economic, political and legal systems that are less fully developed and are less stable than those of more advanced countries. Low trading volumes may result in a lack of liquidity and in extreme price volatility.
- **Expenses** – Your actual costs of investing in the Funds may be higher than the expenses shown in the prospectus for a variety of reasons. For example, expense ratios may be higher than those shown if overall net assets decrease, or if a fee limitation is changed or terminated. Net assets are more likely to decrease and portfolio expense ratios are more likely to increase when markets are volatile.
- **Equity Securities** – Equity securities represent an ownership interest in an issuer, rank junior in a company's capital structure and consequently may entail greater risk of loss than debt securities. Equity securities include common and preferred stocks. Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial conditions and overall market and economic conditions. If the market prices of the equity securities owned by a Fund fall, the value of your investment in the Fund will decline.
- **Fixed-Income Securities** – The market prices of fixed-income securities may fall due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates, lack of liquidity in the bond markets or adverse investor sentiment. In addition, the market value of a fixed income security may decline if the issuer or other obligor of the security fails to pay principal and/or interest, otherwise defaults or has its credit rating downgraded or is perceived to be less creditworthy, or the credit quality or value of any underlying assets declines. When market prices fall, the value of your investment will go down. A rise in rates tends to have a greater impact on the prices of longer term or duration securities.
- **Focused Investing** – To the extent a Fund invests in one or more countries, regions, sectors or industries, or in a limited number of issuers, the Fund will be more susceptible to negative events affecting those countries, regions, sectors, industries or issuers. Local events, such as political upheaval, financial troubles, or natural disasters may disrupt a country's or region's securities markets. Geographic risk is especially high in emerging markets.
- **Foreign Securities** – Investing in foreign securities is generally riskier than investing in U.S. securities. Foreign securities are subject to a number of additional risks, including nationalization or expropriation of assets, imposition of currency controls or restrictions, confiscatory taxation, political or financial instability and other adverse economic or political developments. Lack of information and less market regulation also may affect the value of these securities.
- **Growth Stocks** – Returns on growth stocks may not move in tandem with returns on other categories of stocks or the market as a whole. Growth stocks may be particularly susceptible to larger price swings or to adverse developments. Growth stocks as a group may be out of favor and underperform the overall equity market for a long period of time, for example, while the market favors "value" stocks.
- **High-Yield Debt Securities** – High-yield debt securities, commonly referred to as "junk bonds," are securities that are rated below "investment grade" (that is, securities rated below Baa/BBB) or, if unrated, determined to be below investment grade by the sub-adviser. Changes in interest rates, the market's perception of the issuers and the creditworthiness of the issuers may significantly affect the value of these bonds. Junk bonds are considered speculative, have a higher risk of default, tend to be less liquid and may be more difficult to value than higher grade securities. Junk bonds tend to be volatile and more susceptible to adverse events and negative sentiments.

- **Interest Rate** – Interest rates may go up, causing the value of a Fund’s investments to decline. Debt varying levels of sensitivity to changes in interest rates. A rise in rates tends to have a greater impact of on the prices of longer term or duration securities.
- **Liquidity** – Some securities held by the Funds may be difficult to sell, or illiquid, particularly during times of market turmoil. Illiquid securities may also be difficult to value. If a Fund is forced to sell an illiquid asset to meet redemption requests or other cash needs, the Fund may be forced to sell at a loss.
- **Loans** – Loans are subject to the credit risk of nonpayment of principal or interest. Economic downturns or increases in interest rates may cause an increase in defaults, interest rate risk and liquidity risk. Loans may or may not be collateralized at the time of acquisition, and any collateral may be relatively illiquid or lose all or substantially all of its value subsequent to investment. In the event of bankruptcy of a borrower, a Fund could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing a loan. The Fund's investments in loans are also subject to prepayment or call risk.
- **Manager** – The sub-advisers to the Funds actively manage a Fund’s investments. Consequently, a Fund is subject to the risk that the methods and analyses employed by the sub-adviser in this process may not produce the desired results. This could cause a Fund to lose value or its results to lag relevant benchmarks or other funds with similar objectives.
- **Market** – The market prices of a Fund's securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates or currency rates, lack of liquidity in the markets or adverse investor sentiment. Adverse market conditions may be prolonged and may not have the same impact on all types of securities. Market prices of securities also may go down due to events or conditions that affect particular sectors, industries or issuers. When market prices fall, the value of your investment will go down. The Fund may experience a substantial or complete loss on any individual security. The financial crisis that began in 2008 has caused a significant decline in the value and liquidity of many securities. In response to the financial crisis, the U.S. and other governments and the Federal Reserve and certain foreign central banks have taken steps to support financial markets. The withdrawal of this support could negatively affect the value and liquidity of certain securities. In addition, legislation recently enacted in the U.S. is changing many aspects of financial regulation. The impact of the legislation on the markets, and the practical implications for market participants, may not be fully known for some time.
- **Mortgage-Related and Asset-Backed Securities** – The value of mortgage-related and asset-backed securities will be influenced by factors affecting the housing market and the assets underlying such securities. As a result, during periods of declining asset values, difficult or frozen credit markets, swings in interest rates, or deteriorating economic conditions, mortgage-related and asset-backed securities may decline in value, face valuation difficulties, become more volatile and/or become illiquid. Mortgage-backed securities may be issued by private issuers, by government-sponsored entities such as Fannie Mae or Freddie Mac or by agencies of the U.S. government, such as Ginnie Mae. Mortgage-backed securities represent direct or indirect participations in, or are collateralized by and payable from, mortgage loans secured by real property. Unlike mortgage-related securities issued or guaranteed by agencies of the U.S. government or government-sponsored entities, mortgage-related securities issued by private issuers do not have a government or government-sponsored entity guarantee (but may have other credit enhancement), and may, and frequently do, have less favorable collateral, credit risk or other underwriting characteristics. Asset-backed securities represent participations in, or are secured by and payable from, assets such as installment sales or loan contracts, leases, credit card receivables and other categories of receivables. The value of mortgage-backed and asset-backed securities may be affected by changes in credit quality or value of the mortgage loans or other assets that support the securities. Mortgage-backed and asset-backed securities are subject to prepayment or call and extension risks. Some of these securities may receive little or no collateral protection from the underlying assets. The risk of default is generally higher in the case of mortgage-backed investments that include so-called “sub-prime” mortgages. The structure of some of these securities may be complex and there may be less information available than for other types of debt securities. Upon the occurrence of

certain triggering events or defaults, a Fund may become the holder of underlying assets at a time when those assets may be difficult to sell or may be sold only at a loss.

- **Portfolio Selection** – The value of your investment may decrease if the sub-adviser's judgment about the quality, relative yield, value or market trends affecting a particular security or issuer, industry, sector, region or market segment, or about the economy or interest rates is incorrect.
- **Preferred Stock** – Preferred stock's right to dividends and liquidation proceeds is junior to the rights of a company's debt securities. The value of preferred stock may be subject to factors that affect fixed income and equity securities, including changes in interest rates and in a company's creditworthiness. The value of preferred stock tends to vary more with fluctuations in the underlying common stock and less with fluctuations in interest rates and tends to exhibit greater volatility. Shareholders of preferred stock may suffer a loss of value if dividends are not paid and have limited voting rights.
- **Precious Metals-Related Securities** – Investments in precious metals-related securities are considered speculative and are affected by a variety of worldwide economic, financial and political factors. Prices of precious metals and of precious metals-related securities historically have been very volatile. The high volatility of precious metals prices may adversely affect the financial condition of companies involved with precious metals. The production and sale of precious metals by governments or central banks or other larger holders can be affected by various economic, financial social and political factors, which may be unpredictable and may have a significant impact on the prices of precious metals. Other factors that may affect the prices of precious metals and securities related to them include changes in inflation, the outlook for inflation and changes in industrial and commercial demand for precious metals.
- **Real Estate Securities** – Investments in the real estate industry are subject to risks associated with direct investment in real estate. These risks include declines in the value of real estate, adverse general and local economic conditions, increased competition, overbuilding and changes in operating expenses, property taxes or interest rates.
- **REITs** – Investing in real estate investment trusts ("REITs") involves unique risks. When a Fund invests in REITs, it is subject to risks generally associated with investing in real estate. A REIT's performance depends on the types and locations of the properties it owns, how well it manages those properties and cash flow. REITs may have lower trading volumes and may be subject to more abrupt or erratic price movements than the overall securities markets. In addition to its own expenses, the fund will indirectly bear its proportionate share of any management and other expenses paid by REITs in which it invests. REITs are subject to a number of highly technical tax-related rules and requirements; and the failure to qualify as a REIT could result in corporate-level taxation, significantly reducing the return on an investment to the fund.
- **Repurchase Agreements** – If the other party to a repurchase agreement defaults on its obligation, a Fund may suffer delays and incur costs or lose money in exercising its rights under the agreement. If the seller fails to repurchase the security and the market value declines, the Fund could lose money. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted.
- **Small Capitalization Companies** – A fund will be exposed to additional risks as a result of its investments in the securities of small capitalization companies. Small capitalization companies may be more at risk than larger capitalization companies because, among other things, they may have limited product lines, operating history, market or financial resources, or because they may depend on limited management groups. The prices of securities of small capitalization companies generally are more volatile than those of larger capitalization companies and are more likely to be adversely affected than larger capitalization companies by changes in earnings results and investor expectations or poor economic or market conditions. Securities of small capitalization companies may underperform larger capitalization companies, may be harder to sell at times and at prices the portfolio managers believe appropriate and may offer greater potential for losses.
- **U.S. Government Agency Obligations** – Government agency obligations have different levels of credit support and, therefore, different degrees of credit risk. Securities issued by agencies and instrumentalities of the U.S. government that are supported by the full faith and credit of the United

States generally present a lesser degree of credit risk than securities issued by agencies and instrumentalities sponsored by the U.S. government that are supported only by the issuer's right to borrow from the U.S. Treasury and securities issued by agencies and instrumentalities sponsored by the U.S. government that are supported only by the credit of the issuing agencies. Although the U.S. government has provided financial support to the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) in the past, there can be no assurance that it will support these or other government sponsored entities in the future.

- **Valuation** – The sales price a Fund could receive for any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair value methodology.
- **Value Investing** – The prices of securities the sub-adviser believes are undervalued may not appreciate as anticipated or may go down. Value stocks as a group may be out of favor and underperform the overall equity market for a long period of time, for example, while the market favors “growth” stocks.

Each Fund's investment objectives, principal investment strategies and risks, policies and restrictions are set forth in the Fund's current prospectus and statement of additional information (or the registration statement, as amended, for TIS). For additional information regarding a particular Fund's principal investment strategies and risks, please see the Fund's prospectus and statement of additional information (or registration statement, as amended, for TIS).

Collective Trust

The Adviser serves as the investment adviser to a collective trust, a privately-offered pooled investment vehicle. The trustee of the collective trust (the “Trustee”) retains final and complete authority to accept or reject the Adviser's recommendations. Each series of the collective trust has its own objectives, principal investment strategies and risks, policies and restrictions, as set forth in the offering memorandum for the collective trust. The principal investment strategies and risks of each series of the collective trust are set forth below.

Transamerica Asset Management, Inc. Collective Investment Trust (the “collective trust”) is established for the collective investment of assets of participating eligible investors in one or more series of the Trust. Each series of the collective trust (each a “Series”), other than the Asset Allocation Series, invests in securities through an underlying fund (called a “Portfolio”) having the same investment goals and strategies as the investing Series. The Asset Allocation Series will invest in one or more Series of the collective trust. The underlying Portfolios' principal investment strategies are summarized below.

BOND COLLECTIVE TRUST FUND SERIES

SERIES	PRINCIPAL INVESTMENT STRATEGY OF THE UNDERLYING PORTFOLIOS
<p>Transamerica Partners High Quality Bond – Collective Trust Fund</p> <p><u>Underlying Portfolio:</u></p> <p>Transamerica Partners High Quality Bond Portfolio</p>	<p>The portfolio managers of the Portfolio use a “bottom-up” analysis, focusing on the relative value of individual securities. They also analyze the yield curve under multiple market conditions in making maturity and duration decisions for portfolio securities. The managers of the Portfolio then attempt to select securities that will enable the Portfolio to maintain a stable share price and at the same time to achieve a high level of income. The managers use the same bottom-up approach when deciding which securities to sell. Securities are sold when the Portfolio needs cash to meet withdrawals, or when the managers believe that better opportunities exist or that particular securities no longer fit within the overall strategy for achieving the Portfolio's goal.</p>

Transamerica Partners Core Bond – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners Core Bond Portfolio	<p>The portfolio managers of the Portfolio use both “top down” and “bottom up” analysis to determine sector, security and duration positions for the Portfolio. These three factors are jointly determined and are interdependent. The overall position in the corporate sector, for example, is established in conjunction with assessments of relative value for specific corporate securities. Extensive bottom up analysis using a variety of valuation tools is conducted for sector allocation and security selection. Duration policy is primarily a result of sector allocations and expected long-term interest rate trends (rather than short-term interest rate forecasting). Yield curve positioning is also a key aspect of duration management. Security sales decisions are driven by the same criteria as purchase decisions.</p>
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Transamerica Partners High Yield Bond – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners High Yield Bond Portfolio	<p>This Portfolio invests primarily in high-yielding, income producing debt securities, such as debentures and notes, loan participations, and in convertible and non-convertible preferred stocks. Under normal circumstances, the Portfolio invests at least 80% of its net assets in high-yield bonds and related investments.</p>
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The Bond Collective Trust Fund Series are subject to the following primary risks: active trading; cash management and defensive investing; convertible securities; credit; currency; derivatives; emerging markets; fixed income securities; foreign securities; high-yield debt securities; inflation-protected securities; liquidity; loans; market; mortgage-related and asset-backed securities; portfolio selection; preferred stock; securities lending; stocks; valuation; and warrants and rights. These risks are summarized below.

STOCK COLLECTIVE TRUST FUND SERIES

SERIES

PRINCIPAL INVESTMENT STRATEGY OF THE UNDERLYING PORTFOLIOS

Transamerica Partners Large Value – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners Large Value Portfolio	<p>This Portfolio invests primarily in issuers listed on U.S. exchanges that the Portfolio’s sub-adviser believes are seasoned, liquid and low priced, with effective management and positive momentum. Under normal circumstances, the Portfolio invests at least 80% of its net assets in securities of large-cap companies and related investments.</p>
Transamerica Partners Large Core – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners Large Core Portfolio	<p>This Portfolio invests primarily in securities selected in large part for their potential to generate long-term capital appreciation. The Portfolio may also select securities based on their potential to generate current income. The Portfolio emphasizes common stocks and securities of growing, financially stable and undervalued companies. Under normal circumstances, the Portfolio invests at least 80% of its net assets in securities of large cap companies and related investments.</p>

Transamerica Partners Small Core – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners Small Core Portfolio	This Portfolio invests primarily in stocks of small to medium sized companies which, in the opinion of the Portfolio's advisers, present an opportunity for significant increases in earnings, revenue and/or value, without consideration for current income. Under normal circumstances, the Portfolio invests at least 80% of its net assets in equity securities of companies with small market capitalizations (or small-cap companies) and related investments.
Transamerica Partners International Equity – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners International Equity Portfolio	This Portfolio invests primarily in foreign securities, meaning securities of issuers that, in the opinion of the Portfolio's adviser, have their principal activities outside the United States or whose securities are traded primarily outside the United States. Under normal circumstances, the Portfolio invests at least 75% of its net assets in foreign securities or depositary receipts of foreign securities. The Portfolio invests in equity securities of issuers in at least three countries other than the United States. Under normal circumstances, the Portfolio invests at least 80% of its net assets in equity securities and related investments.
Transamerica Partners Stock Index – Collective Trust Fund <u>Underlying Portfolio:</u> <u>BlackRock Equity Index Fund E</u>	Invests in a collective investment fund that is not registered as an investment company under the Investment Company Act. The underlying collective investment fund (referred to as a Portfolio) is invested and reinvested in a portfolio of Equity Securities. "Equity Securities" means common stocks and other forms of equity securities (e.g., preferred stock), American Depositary Receipts, European Depositary Receipts, Global Depositary Receipts and shares of an investment company registered under the Investment Company Act, including exchange-traded funds, where such investment company portfolio seeks to replicate or outperform the performance of an equity index.

The Stock Collective Trust Fund Series are subject to the following primary risks: active trading; cash management and defensive investing; currency; derivatives; emerging markets; fixed income securities; foreign securities; growth stocks; market; portfolio selection; preferred stock; REITs; securities lending; small- or medium-sized companies; stocks; and value investing. These risks are summarized below.

ASSET ALLOCATION COLLECTIVE TRUST FUND SERIES

SERIES	PRINCIPAL INVESTMENT STRATEGY OF THE UNDERLYING PORTFOLIOS
Transamerica Asset Allocation – Intermediate Horizon – Collective Trust Fund Transamerica Asset Allocation – Intermediate/Long Horizon – Collective Trust Fund Transamerica Asset Allocation – Long Horizon – Collective Trust Fund Transamerica Asset Allocation – Short Horizon – Collective Trust Fund	Invest in a combination of the Series described in the offering memorandum. The Adviser recommends to the Trustee the combination and amount of underlying Series to invest in based on each Series' investment goal. These Series may invest in certain Series which are not available for direct investment by investors. Additional information about such Series is included below.

Transamerica Asset Allocation – Short/Intermediate Horizon – Collective Trust Fund	
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The Asset Allocation Collective Trust Fund Series are subject to the following primary risks: asset allocation; cash management and defensive investing; currency; derivatives; emerging markets; fixed income securities; foreign securities; growth stocks; market; and mortgage-related and asset-backed securities. These risks are summarized below.

The following chart shows approximately how much of the assets of each Transamerica Asset Allocation – Collective Trust Fund are invested in the Bond Collective Trust Fund Series, Stock Collective Trust Fund Series and Money Market Collective Trust Fund. These allocations reflect the Trustee’s present strategy for asset allocation during normal market conditions, and may be changed at any time without notice to investors and without investor approval. In the short-term, actual asset allocations may vary due to short-term changes in cash flows caused by purchases and withdrawals in the Transamerica Asset Allocation – Collective Trust Funds.

	Normal Approximate Allocations		
	Bond Collective Trust Fund Series	Stock Collective Trust Fund Series	Money Market Collective Trust Fund Series
Short Horizon	88%	10%	2%
Short/Intermediate Horizon	68%	30%	2%
Intermediate Horizon	48%	50%	2%
Intermediate/Long Horizon	28%	70%	2%
Long Horizon	8%	90%	2%

INDIRECT INVESTMENT STOCK COLLECTIVE TRUST FUND SERIES

The following is a description of certain Series of the Trust in which one more or Transamerica Asset Allocation Collective Trust Fund Series may invest, in addition to the Series described above. These Series are not available for direct investment by investors.

SERIES

PRINCIPAL INVESTMENT STRATEGY OF THE UNDERLYING PORTFOLIOS

Transamerica Partners Money Market – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners Money Market Portfolio	<p>This Portfolio invests primarily in high quality, short-term money market instruments. These instruments include short-term U.S. government obligations, corporate bonds and notes, bank obligations (such as certificates of deposit and bankers’ acceptances), commercial paper, asset-backed securities, and repurchase agreements. The Portfolio may invest more than 25% of its total assets in obligations of U.S. banks.</p> <p>The Money Market Collective Trust Fund Series is subject to the following primary risks: bank obligations; credit; fixed income securities; interest rate; market; net asset value; redemption; and yield. These risks are summarized below.</p>
Transamerica Partners Inflation-Protected Securities – Collective Trust Fund	<p>This Portfolio invests primarily in inflation-protected securities issued by the U.S. government, its agencies and instrumentalities. The Portfolio also invests in inflation-protected securities of U.S. issuers, foreign governments, and other foreign issuers. Under normal circumstances, the Portfolio invests at least 80% of its net</p>

<p><u>Underlying Portfolio:</u></p> <p>Transamerica Partners Inflation-Protected Securities Portfolio</p>	<p>assets in inflation-protected securities and related investments. The Portfolio may also invest in securities that pay nominal rates of interest (i.e., that are not inflation-protected), including U.S. Treasury and agency securities, corporate bonds, asset-backed securities, mortgage-backed securities, floating rate securities, high quality, short-term obligations, and repurchase agreements.</p> <p>The Inflation-Protected Securities Collective Trust Fund Series is subject to the same primary risks as described above under “Bond Collective Trust Fund Series.” These risks are summarized below.</p>
<p>Transamerica Partners Large Growth – Collective Trust Fund</p> <p><u>Underlying Portfolio:</u></p> <p>Transamerica Partners Large Growth Portfolio</p>	<p>This Portfolio invests primarily in common stocks of companies that its advisers believe have the potential for above average growth in earnings and dividends. Under normal circumstances, the Portfolio invests at least 80% of its net assets in equity securities of large cap companies and related investments.</p> <p>The Large Growth Collective Trust Fund Series is subject to the same primary risks as described above under “Stock Collective Trust Fund Series.” These risks are summarized below.</p>
<p>Transamerica Partners Small Value – Collective Trust Fund</p> <p><u>Underlying Portfolio:</u></p> <p>Transamerica Partners Small Value Portfolio</p>	<p>This Portfolio invests primarily in stocks of companies with small market capitalizations which the Portfolio’s advisers believe have strong market share, cash flow and management teams but are undervalued by the market place. Under normal market circumstances, the Portfolio invests at least 80% of its net assets in the securities of companies with small market capitalizations (or small-cap companies) and related investments.</p> <p>The Small Value Collective Trust Fund Series is subject to the same primary risks as described above under “Stock Collective Trust Fund Series.” These risks are summarized below.</p>
<p>Transamerica Partners Small Growth – Collective Trust Fund</p> <p><u>Underlying Portfolio:</u></p> <p>Transamerica Partners Small Growth Portfolio</p>	<p>This Portfolio invests primarily in stocks of companies with small market capitalizations which the Portfolio’s advisers believe have above average growth potential. Factors the Portfolio’s advisers may consider in determining a company’s growth potential include the introduction of new products, technologies, distribution channels, or other opportunities, or otherwise strong industry or market positioning. Under normal market circumstances, the Portfolio invests at least 80% of its net assets in securities of companies with small market capitalizations (or small-cap companies) and related investments.</p> <p>The Small Growth Collective Trust Fund Series is subject to the same primary risks as described above under “Stock Collective Trust Fund Series.” These risks are summarized below.</p>

Each Series is subject to the following main investment risks (in alphabetical order):

- **Active Trading** – Certain Portfolios are actively managed and, under appropriate circumstances, may purchase and sell securities without regard to the length of time held. A high portfolio turnover rate may have a negative impact on performance by increasing transaction costs and may generate greater tax liabilities for shareholders holding shares in taxable accounts.
- **Asset Allocation** – The Trustee allocates an Asset Allocation Collective Trust Fund’s assets among various underlying Series which in turn invest in underlying Portfolios. These allocations may be

unsuccessful in maximizing a Fund's return and/or avoiding investment losses, and may cause a Fund to underperform other funds with a similar strategy.

- **Bank Obligations** – To the extent a Portfolio invests in U.S. bank obligations, the Portfolio will be more susceptible to adverse events affecting the U.S. banking industry. Banks are sensitive to changes in money market and general economic conditions, as well as decisions by regulators that can affect banks' profitability.
- **Cash Management and Defensive Investing** – Money market instruments or short-term debt securities held by a Portfolio for cash management or defensive investing purposes can fluctuate in value. Like other fixed income securities, they are subject to risk, including market, interest rate and credit risk. If the Portfolio holds cash uninvested, the Portfolio will not earn income on the cash and the Portfolio's yield will go down. If a significant amount of the Portfolio's assets are used for cash management or defensive investing purposes, it will be more difficult for the Portfolio to achieve its objective.
- **Convertible Securities** – The market value of convertible securities tends to decline as interest rates increase. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. A Portfolio could lose money if the issuer of a convertible security is unable to meet its financial obligations or goes bankrupt.
- **Credit** – If an issuer or guarantor of a security held by a Portfolio or a counterparty to a financial contract with the Portfolio defaults or is downgraded, or if the value of the assets underlying a security declines, the value of your investment will decline. Junk bonds have a higher risk of default and are considered speculative. A default or downgrade will have a greater impact on subordinated securities.
- **Currency** – When a Portfolio invests in securities denominated in foreign currencies, the Portfolio may incur currency conversion costs and may be affected favorably or unfavorably by changes in the rates of exchange between those currencies and the U.S. dollar. Currency exchange rates can be volatile and are affected by, among other factors, the general economics of a country, the actions of the U.S. and foreign governments or control banks, the imposition of currency controls, and speculation.
- **Derivatives** – Using derivatives can increase portfolio losses and reduce opportunities for gains when market prices, interest rates or the derivative instruments themselves behave in a way not anticipated by a Portfolio. Using derivatives also can have a leveraging effect and increase portfolio volatility. Derivatives may be difficult to sell, unwind or value, and the counterparty may default on its obligations to the Portfolio. A Portfolio's investments in derivative instruments may involve a small investment relative to the amount of investment exposure assumed and may result in losses exceeding the amounts invested in those instruments. Recent legislation calls for new regulation of the derivatives markets. The extent and impact of the regulation are not yet fully known and may not be for some time. New regulation of derivatives may make them more costly, may limit their availability, or may otherwise adversely affect their value or performance.
- **Emerging Markets** – Investing in the securities of issuers located in or principally doing business in emerging markets are subject to foreign securities risks. These risks are greater for investments in emerging markets. Emerging market countries tend to have economic, political and legal systems that are less fully developed and are less stable than those of more advanced countries. Low trading volumes may result in a lack of liquidity and in extreme price volatility.
- **Fixed-Income Securities** – The market prices of fixed-income securities may go up or down, sometimes rapidly or unpredictably due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates, lack of liquidity in the bond markets or adverse investor sentiment. When market prices fall, the value of your investment will go down. A rise in rates tends to have a greater impact on the prices of longer term or duration securities.

If interest rates rise, repayments of fixed-income securities may occur more slowly than anticipated by the market. This may drive the prices of these securities down because their interest rates are lower than the current interest rate and they remain outstanding longer. This is sometimes referred to as extension risk.

Many issuers have a right to prepay their securities. If interest rates fall, an issuer may exercise this right. If this happens, a Portfolio will be forced to reinvest prepayment proceeds at a time when yields on securities available in the market are lower than the yield on the prepaid security. This is sometimes referred to as prepayment or call risk.

- **Foreign Securities** – Foreign securities are subject to a number of additional risks, including nationalization or expropriation of assets, imposition of currency controls or restrictions, confiscatory taxation, political or financial instability and other adverse economic or political developments. Lack of information and less market regulation also may affect the value of these securities.
- **Growth Stocks** – Returns on growth stocks may not move in tandem with returns on other categories of stocks or the market as a whole. Growth stocks may be particularly susceptible to rapid price swings or to adverse developments. Growth stocks as a group may be out of favor and underperform the overall equity market for a long period of time, for example, while the market favors “value” stocks.
- **High-Yield Debt Securities** – High-yield debt securities, or junk bonds, are securities that are rated below “investment grade” (that is, securities rated below Baa/BBB) or, if unrated, are considered by the sub-adviser to be of equivalent quality. Changes in interest rates, the market’s perception of the issuers and the creditworthiness of the issuers may significantly affect the value of these bonds. Junk bonds have a higher risk of default, tend to be less liquid and may be more difficult to value.
- **Inflation-Protected Securities** – Inflation-protected debt securities may react differently from other types of debt securities and tend to react to changes in “real” interest rates. Real interest rates represent nominal (stated) interest rates reduced by the expected impact of inflation. In general, the price of an inflation-protected debt security can fall when real interest rates rise, and can rise when real interest rates fall. Interest payments on inflation-protected debt securities can be unpredictable and will vary as the principal and/or interest is adjusted for inflation. Also, the inflation index utilized by a particular inflation-protected security may not accurately reflect the true rate of inflation, in which case the market value of the security could be adversely affected.
- **Interest Rate** – The interest rates on short-term obligations held in a Portfolio will vary, rising or falling with short-term interest rates generally. A Portfolio’s yield will tend to lag behind general changes in interest rates. The ability of the Portfolio’s yield to reflect current market rates will depend on how quickly the obligations in its portfolio mature and how much money is available for investment at current market rates.
- **Liquidity** – Some securities held by a Portfolio may be difficult to sell, or illiquid, particularly during times of market turmoil. Illiquid securities may also be difficult to value. If a Portfolio is forced to sell an illiquid asset to meet redemption requests or other cash needs, the Portfolio may be forced to sell at a loss.
- **Loans** – Loans are subject to the credit risk of nonpayment of principal or interest. Economic downturns or increases in interest rates may cause an increase in defaults, interest rate risk and liquidity risk. Loans may or may not be collateralized at the time of acquisition, and any collateral may be relatively illiquid or lose all or substantially all of its value subsequent to investment. In the event of bankruptcy of a borrower, a Portfolio could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing a loan. A Portfolio’s investments in loans are also subject to prepayment or call risk.
- **Market** – The market prices of a Portfolio’s securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates or currency rates, lack of liquidity in the markets or adverse investor sentiment. Market prices of securities also may go down due to events or conditions that affect particular sectors or issuers. When market prices fall, the value of your investment will go down. A Portfolio may experience a substantial or complete loss on any individual security. The recent financial crisis has caused a significant decline in the value and liquidity of many securities. In response to the financial crisis, the U.S. and other governments and the Federal Reserve and certain foreign central banks have taken steps to support financial markets. The withdrawal of this support could negatively affect the value and liquidity of certain

securities. In addition, legislation recently enacted in the U.S. calls for changes in many aspects of financial regulation. The impact of the legislation on the markets, and the practical implications for market participants, may not be fully known for some time.

- **Mortgage-Related and Asset-Backed Securities** – Mortgage-backed securities may be issued by private issuers, by government-sponsored entities such as Fannie Mae or Freddie Mac or by agencies of the U.S. government, such as Ginnie Mae. Mortgage-backed securities represent direct or indirect participations in, or are collateralized by and payable from, mortgage loans secured by real property. Unlike mortgage-related securities issued or guaranteed by agencies of the U.S. government or government-sponsored entities, mortgage-related securities issued by private issuers do not have a government or government-sponsored entity guarantee (but may have other credit enhancement), and may, and frequently do, have less favorable collateral, credit risk or other underwriting characteristics. Mortgage-backed securities are also particularly susceptible to prepayment and extension risks. Asset-backed securities represent participations in, or are secured by and payable from, assets such as installment sales or loan contracts, leases, credit card receivables and other categories of receivables. Certain asset-backed securities present a heightened level of risk because, in the event of default, the liquidation value of the underlying assets may be inadequate to pay any unpaid principal or interest. The value of mortgage-backed and asset-backed securities may be affected by changes in credit quality or value of the mortgage loans or other assets that support the securities.
- **Net Asset Value** – The Transamerica Partners Money Market – Collective Trust Fund does not maintain a stable net asset value of \$1.00 per unit and does not declare dividends on a daily basis (many money market funds do). Undeclared investment income, or a default on a portfolio security, may cause the net asset value to fluctuate. When a bank's borrowers get in financial trouble, their failure to repay the bank will also affect the bank's financial situation.
- **Portfolio Selection** – The Portfolio's sub-adviser's a judgment about a particular security or issuer, or about the economy or a particular sector, region or market segment, or about an investment strategy, may prove to be incorrect.
- **Preferred Stock** – Preferred stock's right to dividends and liquidation proceeds is junior to the rights of a company's debt securities. The value of preferred stock may be subject to factors that affect fixed income and equity securities, including changes in interest rates and in a company's creditworthiness. Shareholders of preferred stock may suffer a loss of value if dividends are not paid and have limited voting rights.
- **Redemption** – A Portfolio may experience periods of heavy redemptions that could cause the Portfolio to liquidate its assets at inopportune times or at a loss or depressed value particularly during periods of declining or illiquid markets. Redemption risk is greater to the extent that the Portfolio has investors with large shareholdings, short investment horizons, or unpredictable cash flow needs. The redemption by one or more large shareholders of their holdings in a Portfolio could have an adverse impact on the remaining shareholders in the Portfolio. In addition, the Portfolio may suspend redemptions when permitted by applicable regulations.
- **REITs** – When a Portfolio invests in Real Estate Investment Trusts ("REITs"), it is subject to risks generally associated with investing in real estate. A REIT's performance depends on the types and locations of the properties it owns and how well it manages those properties or loan financings. REITs are subject to a highly technical tax structure; and the failure to qualify as a REIT could result in corporate-level taxation, significantly reducing the return on an investment to the Portfolio.
- **Securities Lending** – A Portfolio may lend securities to other financial institutions that provide cash or other securities as collateral. Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, the Portfolio may lose money and there may be a delay in recovering the loaned securities. A Portfolio could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. These events could trigger adverse tax consequences for a Portfolio.
- **Small- or Medium-Sized Companies** – Small- or medium-sized companies may be more at risk than larger companies because, among other things, they may have limited product lines,

operating history, market or financial resources, or because they may depend on a limited management group.

- **Stocks** – Stocks may be volatile – their prices may go up and down dramatically over the shorter term. These price movements may result from factors affecting individual companies, industries, the securities market as a whole or the over-all economy.
- **Underlying Series** – Because an Asset Allocation Collective Trust Fund invests its assets in various underlying Series which in turn invest in underlying Portfolios, a Fund's ability to achieve its investment objective depends largely on the performance of the underlying Portfolios of the Series in which it invests. Each of the underlying Series in which the Portfolios may invest has its own investment risks, and those risks can affect the value of the underlying Series' shares and therefore the value of the Portfolio's investments. There can be no assurance that the investment objective of any underlying Series will be achieved. To the extent that the Portfolio invests more of its assets in one underlying Series than in another, the Portfolio will have greater exposure to the risks of that underlying Series. In addition, the Portfolio will bear a pro rata portion of the operating expenses of the underlying Series in which it invests.
- **Valuation** – The sales price a Portfolio could receive for any particular portfolio investment may differ from the Portfolio's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair value methodology.
- **Value Investing** – The prices of securities the sub-adviser believes are undervalued may not appreciate as anticipated or may go down. Value stocks as a group may be out of favor and underperform the overall equity market for a long period of time, for example, while the market favors "growth" stocks.
- **Warrants and Rights** – Warrants and rights may be considered more speculative than certain other types of investments because they do not entitle a holder to the dividends or voting rights for the securities that may be purchased. They do not represent any rights in the assets of the issuing company, and cease to have value if not exercised prior to the expiration date.
- **Yield** – The amount of income received by a Portfolio will go up or down depending on day-to-day variations in short-term interest rates, and when interest rates are very low the Portfolio's expenses could absorb all or a significant portion of the Portfolio's income.

Mutual Fund Research Reports

The Adviser prepares and furnishes mutual fund research reports to an affiliated broker-dealer. The Adviser screens a limited universe of mutual funds for the affiliated broker-dealer using a combination of quantitative and qualitative analysis. The screening process relies on various mutual fund databases and other third party sources.

The Mutual Fund Research List selection process is a combination of quantitative and qualitative analysis. The first step of the process is a quantitative screen of the investment universe. The quantitative screen examines trailing performance periods, consistency of performance, risk or volatility, expenses, style/market cap consistency, and manager tenure. From the quantitative screening, the remaining mutual fund candidates are contacted to set up a qualitative interview with a member of the investment team. The qualitative review includes an examination of the fund's organization, resources and incentive structure, investment process, portfolio construction and risk management, and manager reputation and experience.

Once the selection process is completed, the investment team regularly monitors the funds appearing in the report. The investment team typically meets on a weekly basis to discuss any mutual fund developments and review performance. Performance questionnaires are sent to mutual fund providers on a quarterly basis to gather information on any organizational changes, strategy/investment process changes, and performance attribution. This information, along with the other sources, is incorporated into the research reports.

Asset Allocation Program

The Adviser creates and revises the Models for the Program. The Adviser is responsible for evaluating investment options available under the variable contracts and selecting the funds and applicable

allocation of assets for each Model. In determining which funds will be included in each Model, the Adviser uses a variety of tools and information sources, including direct contacts with the investment firms. Investment decisions for each Model are based on analyses of the various funds, including their specific investment styles and strategies, investment processes, performance, organizational stability and experience and reputation. The composition of each Model is re-evaluated each calendar quarter. Contract owners are notified of any changes in the composition of their Model and are given the opportunity to reject the proposed changes, at which time their participation in the Program would cease.

Clients should understand that all investments involve risk (the amount of which may vary significantly from investment to investment and from time to time), investment performance can never be predicted or guaranteed, and the performance of the funds in their Model and annuity account value will fluctuate due to market conditions and other factors, and when redeemed, may be worth more or less than the original cost. The investment decisions made, and the actions taken, for each Model will be subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable.

There is no assurance that a client participating in a Model will not lose money or that investment results will not experience volatility. Investment performance of annuity account value could be better or worse by participating in a Model than if the client had not participated and had chosen one or more other investment options. Model performance is dependent upon the performance of the component funds selected for the Model. A Model may not perform as intended. Although the Models are intended to be catered to various levels of risk tolerance, fund, market and asset class performance, as well as the correlation of risks and returns among different funds and assets classes, may differ in the future from the historical performance and assumptions upon which the Models are based, which could cause the Models to be ineffective or less effective in reducing volatility. Periodic updating of the Models can cause the underlying funds to incur transactional expenses to raise cash for money flowing out of the funds or to buy securities with money flowing in. These expenses can adversely affect performance of the pertinent portfolios and the Models.

Disciplinary Information

There have not been any legal or disciplinary events relating to the Adviser or its management persons that, in the opinion of the Adviser, are material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

Other Financial Industry Activities and Affiliations

The Adviser has a number of relationships with related persons that are material to its business.

The Adviser serves as investment adviser to Transamerica Funds, TST, TIS, TPGF, TPGFII, TPP and TAAVF. It also serves as investment adviser to the Transamerica Asset Management, Inc. Collective Investment Trust.

AEGON USA Investment Management, LLC ("AUIM"), a registered investment adviser and an affiliate of the Adviser, is a sub-adviser to certain of the Funds.

Transamerica Fund Services, Inc. ("TFS"), an affiliate of the Adviser, is the Funds' administrator and transfer agent.

Transamerica Capital, Inc. ("TCI"), a registered broker-dealer, is an affiliate of the Adviser. Certain of the Funds have adopted distribution plans under Rule 12b-1 under the 1940 Act pursuant to which payments may be made to TCI in connection with the offering or sale of shares of such Funds. The Adviser benefits from the sale of Fund shares, as its fees for services to Fund clients are based on a percentage of assets under management. The Adviser has an interest in increasing assets of the investment companies, including in circumstances when that may not be in the Funds' or their shareholders' interests.

Other related person broker-dealers include: Diversified Investors Securities Corp., Transamerica Financial Advisors, Inc., Transamerica Capital, Inc. and Clark Securities, Inc.

AUIM, Diversified Investment Advisors, Inc., Transamerica Financial Advisors, Inc., Prisma Capital Partners LP, and Clark Investment Strategies, Inc., all registered investment advisers, are affiliates of the Adviser.

The insurance companies that select TST Funds as investment options for the variable annuity contracts and variable life insurance policies that they issue and distribute, Western Reserve Life Assurance Co. of Ohio, Transamerica Life Insurance Company, Transamerica Life Insurance Company, Transamerica Advisors Life Insurance Company (together, the “Transamerica Insurance Companies”), are affiliated with the Adviser. Shares of TST Funds are intended to be sold to separate accounts of the Transamerica Insurance Companies and may be made available to other insurance companies and their separate accounts in the future.

TCI and the Transamerica Insurance Companies engage in wholesaling activities designed to support, maintain, and increase the number of financial intermediaries who sell shares of the Funds. Wholesaling activities include, but are not limited to, recommending and promoting, directly or through intermediaries, the Funds to financial intermediaries and providing sales training, retail broker support and other services. Payment for these activities is made by TCI, the Transamerica Insurance Companies and their affiliates out of past profits and other available sources, including revenue sharing payments from others.

Such payments and compensation are in addition to the sales charges, Rule 12b-1 Plan fees, service fees and other fees that may be paid, directly or indirectly, to such brokers and other financial intermediaries.

Transamerica Asset Management, Inc. Collective Investment Trust (the “collective trust”) is established for the collective investment of assets of participating eligible investors in one or more series of the Trust. Each series of the collective trust (each, a “Series”), other than the Asset Allocation Series, invests in securities through an underlying fund (called a “Portfolio”) having the same investment goals and strategies as the investing Series. The Asset Allocation Series will invest in one or more Series of the collective trust.

Massachusetts Fidelity Trust Company (“MFTC”) is an indirect, wholly-owned subsidiary of AEGON. MFTC sponsors and serves as trustee of collective trust funds for retirement plans.

The Adviser and its affiliates, directors, officers, employees and personnel (collectively, for purposes of this section, “Transamerica”), including the entities and personnel who may be involved in the management, operations or distribution of the Funds and/or other products managed or advised by the Adviser (the “Other Accounts”), are engaged in a variety of businesses and have interests other than that of managing the Funds or Other Accounts. The broad range of activities and interests of Transamerica gives rise to actual, potential and perceived conflicts of interest that could affect the Funds and their shareholders.

In some cases Transamerica oversees sub-advisers who perform the day-to-day management of the Funds, and in other cases Transamerica itself performs the day-to-day management. A Fund may have investment objectives similar to those of other Funds or Other Accounts and/or that engage in transactions in the same types of securities and instruments. Such transactions could affect the prices and availability of the securities and instruments in which a Fund or Other Account invests, and could have an adverse impact on performance. A Fund or Other Account may buy or sell positions while other Funds or Other Accounts are undertaking the same or a differing, including potentially opposite, strategy, which could disadvantage the Fund or Other Account. A position taken by Transamerica, on behalf of a Fund or Other Account, may be contrary to a position taken on behalf of other Funds or Other Accounts or may be adverse to a company or issuer in which a Fund or Other Account has invested.

The results of the investment activities of a Fund or Other Account may differ significantly from the results achieved for other Funds or Other Accounts. Transamerica may give advice, and take action, with respect to any current or future fund or Other Account that may compete or conflict with advice the Adviser may give to, or actions the Adviser may take for, another Fund or Other Account. Transamerica may receive more compensation with respect to certain Funds or Other Accounts than that received with respect to other Funds or Other Accounts. Transamerica personnel may have greater economic and other interests in certain Funds or Other Accounts promoted or managed by such personnel as compared to other Funds or Other Accounts.

As discussed under “Fees and Expenses” above, Transamerica and other financial service providers have conflicts associated with their promotion of the Funds or other dealings with the Funds that would create incentives for them to promote the Funds.

Certain Funds are offered as investment options through variable insurance contracts offered and sold by Transamerica insurance companies. The Adviser also acts as an investment adviser with respect to an asset allocation program offered for use in certain variable insurance contracts issued by Transamerica insurance companies. The performance of the Funds and/or Models may impact Transamerica's financial exposure under guarantees that the Transamerica insurance companies provide as issuers of the variable insurance contracts. The Adviser's investment decisions may be influenced by these factors. For example, Transamerica may benefit if the Funds or the Models are managed or designed in a more conservative fashion to help reduce potential losses and/or mitigate financial risks to which the Transamerica insurance companies are subject by virtue of the guarantees. In addition, certain Models may include certain of the Funds as investment options, and Transamerica will receive more revenue if the Adviser selects such Funds to be included in the Models.

The Adviser serves as investment adviser to certain funds of funds that invest in affiliated underlying funds, unaffiliated underlying funds, or a combination of both. Certain of the funds of funds are underlying investment options for Transamerica insurance products. The Adviser and/or the fund of funds' sub-adviser will receive more revenue when it selects an affiliated fund rather than an unaffiliated fund for inclusion in a fund of funds. This conflict may result in affiliated funds that have performed or are expected to perform worse than unaffiliated funds being included in the fund of funds. The inclusion of affiliated funds will also permit the Adviser and/or the sub-adviser to make increased revenue sharing payments, including to Transamerica. The affiliates of certain underlying unaffiliated funds also make revenue sharing payments to Transamerica. Those payments may be compensation for the provision of services to investors or may be in furtherance of distribution activities.

The Adviser may have a financial incentive to propose certain changes to the Funds or Other Accounts. The Adviser may, from time to time, recommend a change in sub-adviser or a fund combination. Transamerica will benefit to the extent that an affiliated sub-adviser replaces an unaffiliated sub-adviser or additional assets are combined into a Fund having a higher advisory fee and/or that is sub-advised by an affiliate of the Adviser. The Adviser will also benefit to the extent that it recommends replacing a sub-adviser with a new sub-adviser with a lower sub-advisory fee. The Adviser has a fiduciary duty to act in the best interests of a Fund or Other Account and its shareholders when recommending to the Board the appointment of or continued service of an affiliated sub-adviser for a Fund or Other Account or a Fund combination. Moreover, the Adviser's "manager of managers" exemptive order from the SEC requires Fund shareholder approval of any sub-advisory agreement appointing an affiliated sub-adviser as the sub-adviser to a Fund (in the case of a new fund, the initial sole shareholder of the fund, typically an affiliate of Transamerica, may provide this approval).

The Adviser serves as investment adviser to a collective trust, the series of which invest in one or more series of the collective trust, funds or privately-offered pooled investment vehicles. The Adviser will receive more revenue when it recommends a series of an affiliated fund rather than an unaffiliated fund or unaffiliated privately-offered pooled investment vehicle. This conflict may result in series or affiliated funds that have performed or are expected to perform worse than unaffiliated funds being recommended. The inclusion of affiliated funds will also permit the Adviser to make increased revenue sharing payments, including to Transamerica.

Although there are no direct fees associated with participation in the Program for the Contract owner, Financial Advisors who introduce clients to the Program, and provide ongoing services to these clients, receive compensation in connection with the purchase of the Contract.

Funds selected by the Adviser to be part of a Model may be advised by the Adviser and/or affiliates of the Adviser. To the extent that the Adviser includes in the Models funds advised by the Adviser and/or by affiliates of the Adviser, the Adviser and/or those affiliates will receive compensation from those funds in the form of investment advisory, administrative, transfer agency, distribution and/or other services. Thus, the Adviser and/or its affiliates will receive more revenue with respect to affiliated funds than for unaffiliated funds. The annuity prospectus discloses each of the available subaccounts as well as the investment advisory fees payable under each underlying fund option. The current annual rates of investment advisory fees and other expenses paid by the funds are described in the applicable fund Prospectuses or Summary Prospectuses, and the Statements of Additional Information for the funds.

The Adviser may be subject to competing interests that have the potential to influence its decision making with regard to the Program. For example, a fund in TAM will benefit affiliates of the Adviser, whereas a fund that is not managed by an affiliate will not provide the same benefit. Further, one fund

in TAM may provide a higher advisory fee to an affiliate of the Adviser than another fund, which may provide the Adviser with incentive to use the fund with the higher fee in a Model. In addition, the Adviser may believe that certain funds in TAM may benefit from additional assets or could be harmed by redemptions. Affiliates of the Adviser that manage the TAM Funds may, from time to time, recommend a change in sub-adviser or strategy or the closure or merger of a fund, all of which could impact a Model.

The Adviser may, when it is not inconsistent with the interests of clients, consider business factors of its affiliates, the Companies. For example, in certain of the Contracts, the Companies offer optional guaranteed lifetime income benefits or death benefits under which the Companies assume investment and other risks, and their financial exposure and required reserves may be affected by gains or losses incurred in the Contracts. The Adviser's investment decisions in allocating monies to the available investment options may be influenced by these factors. For example, the Companies may benefit if the Models are designed in a more conservative fashion, such as by increasing exposure to fixed-income securities or index funds, so as to help reduce potential losses or facilitate hedging by the Companies for their exposure. The Adviser's investment decisions may be influenced by these and other potential conflicts of interests.

The Adviser may have conflicts of interest in preparing mutual fund research reports for the affiliated broker-dealer. Mutual funds sponsored by the Adviser and advised by the Adviser investment advisory personnel who participate in the preparation of the information may appear in the reports. The Adviser earns advisory and other fees from its mutual funds, and these fees go up as Fund assets increase. The Adviser may receive revenue sharing payments in connection with mutual funds included in the reports.

The mutual fund research list selection process is a combination of quantitative and qualitative analysis. The screening process relies on various retail mutual fund databases and other third party sources. The Adviser and/or its affiliates may benefit financially from the inclusion of affiliated Funds in the reports. The Adviser advised Funds included in the reports must pass the same screening process as other funds included in the reports.

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

The Adviser has adopted a Code of Ethics in accordance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and Rule 17j-1 under the 1940 Act. The Code is designed to ensure that supervised persons as defined by the Code place the interests of the Adviser's clients before their own personal interest at all times. The purpose of the Code is to protect the Adviser's clients by: deterring misconduct; educating employees regarding the expectations and laws governing their conduct; guarding against violations of the federal securities laws; and establishing procedures for employees to follow in order to comply with the Adviser's ethical principles. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at the Adviser must acknowledge the terms of the Code of Ethics annually.

No access person, as defined by the Code, shall purchase, directly or indirectly, any securities in which he or she has, or by reason of such transaction acquires, any direct or indirect beneficial ownership in an initial public offering or securities pursuant to a private placement or other private offering of securities without prior written approval from the Adviser's Chief Compliance Officer. In addition, no supervised person is permitted to conduct transactions for the purpose of market timing in any fund identified by the Code. Market timing, for this purpose, is defined as an investment strategy using frequent purchases, redemptions, and/or exchanges in an attempt to profit from short-term market movements. Transactions by supervised persons are subject to reversal due to a conflict (or appearance of a conflict) with the Adviser's fiduciary responsibility or a violation of the Code, subject to the determinations of the Adviser's Chief Compliance Officer. The Adviser will provide a copy of its Code of Ethics to any client or prospective client upon request.

As discussed under "Advisory Business" and "Methods of Analysis, Investment Strategies and Risk of Loss" above, the Adviser may recommend the purchase and sale of shares of the Funds and series of the collective trust to clients. In the case of purchases, as discussed above, the Adviser has a financial incentive to increase assets under management. In the case of sales, the recommendation and resulting redemption may be disruptive to the management of the relevant Fund or series.

Brokerage Practices

TAM Funds

The Adviser has the authority to place all orders for the purchase or sale of securities on behalf of the Funds with broker-dealers selected by us, subject to the duty to seek prompt execution at the most favorable price in relation to the benefits received. Notwithstanding the foregoing, the Adviser currently is not engaged in selecting or recommending broker-dealers for clients because the Adviser has engaged, and intends to continue to engage, one or more sub-advisers to purchase and sell securities for each of the Funds. Each sub-adviser is also subject to oversight by the directors/trustees of the applicable Fund.

The various sub-advisers to the Funds supervise all of the related securities transactions and are responsible for determining what securities will be purchased and sold for the Funds and for selecting the broker-dealer to execute those transactions. The sub-advisers may place, for compensation, portfolio transactions with broker-dealers that are affiliated with the sub-adviser or the Adviser.

Each sub-adviser's primary consideration in placing securities transactions with broker-dealers for execution is to obtain and maintain the availability of execution at the most favorable prices and in the most effective manner possible, subject to the duty to seek best execution. Each sub-adviser attempts to achieve this result by selecting broker-dealers to execute transactions on behalf of the clients of that sub-adviser on the basis of their professional capability, the value and quality of their brokerage services, and the level of their brokerage commissions.

Decisions as to the assignment of Fund business for each of the Funds and negotiation of commission rates are made by a Fund's sub-adviser, whose policy is to seek to obtain the "best execution" of all Fund transactions. The Investment Advisory Agreement and Sub-Advisory Agreement for each Fund specifically provide that in placing portfolio transactions for a Fund, the Fund's sub-adviser may agree to pay brokerage commissions for effecting a securities transaction in an amount higher than another broker or dealer would have charged for effecting that transaction as authorized, under certain circumstances, by the Securities Exchange Act of 1934, as amended.

A sub-adviser may place portfolio transactions with a broker with whom it has negotiated a commission that is in excess of the commission another broker would have charged for effecting that transaction. This is done if the sub-adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research provided by such broker viewed in terms of either that particular transaction or of the overall responsibilities of the sub-adviser. Research provided may include:

- Furnishing advice, either directly or through publications or writings, as to the value of securities, the advisability of purchasing or selling specific securities and the availability of securities or purchasers or sellers of securities;
- Furnishing seminars, information, analyses and reports concerning issuers, industries, securities, trading markets and methods, legislative developments, changes in accounting practices, economic factors and trends and portfolio strategy;
- Access to research analysts, corporate management personnel, industry experts, economists and government officials; and
- Comparative performance evaluation and technical measurement services and quotation services, and other services (such as third party publications, reports and analyses, and computer and electronic access, equipment, software, information and accessories that deliver process or otherwise utilize information, including the research described above) that assist the sub-adviser in carrying out its responsibilities.

A sub-adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services, rather than on the clients' interests in receiving most favorable execution.

A sub-adviser may use research products and services in servicing other accounts in addition to the Funds. If a sub-adviser determines that any research product or service has a mixed use, such that it also serves functions that do not assist in the investment decision-making process, a sub-adviser may allocate the costs of such service or product accordingly. The portion of the product or service that a sub-adviser determines will assist it in the investment decision-making process may be paid for in brokerage commission dollars. Such allocation may be a conflict of interest for a sub-adviser.

A sub-adviser may place transactions for the purchase or sale of portfolio securities with affiliates of the Adviser, TCI or the sub-adviser. A sub-adviser may place transactions if it reasonably believes that the quality of the transaction and the associated commission are fair and reasonable. Under rules adopted by the SEC, the Funds' governing boards will conduct periodic compliance reviews of such brokerage allocations and review certain procedures adopted by the governing boards to ensure compliance with these rules and to determine their continued appropriateness.

A sub-adviser to a Fund, to the extent consistent with the best execution and with the Adviser's usual commission rate policies and practices, may place portfolio transactions of the Fund with broker/dealers with which the Fund has established a Directed Brokerage Program. A Directed Brokerage Program is any arrangement under which a broker/dealer applies a portion of the commissions received by such broker/dealer on the Fund's portfolio transactions to the payment of operating expenses that would otherwise be borne by the Fund. These commissions are not used for promoting or selling Fund shares or otherwise related to the distribution of Fund shares.

Each sub-adviser determines the brokers who handle securities transactions for client accounts, subject to policies established by the respective boards of the Funds. Although investment decisions are made independently for each Fund, orders for each respective Fund are generally grouped by the respective sub-adviser to obtain the efficiencies and lower commission available on larger transactions. Brokers are usually selected on a transaction basis rather than client by client. Considerations for choosing a broker may include, but are not limited to, brokers who handle a substantial amount of business for the particular execution capabilities, those who provide valuable research information, and those who have referred accounts to the particular sub-adviser. Some simultaneous transactions are inevitable when several clients receive investment advice from the same sub-adviser. When two or more clients are simultaneously engaged in the purchase or sale of the same security, the securities are generally allocated by the applicable sub-adviser among clients in a manner believed by the sub-adviser to be equitable to each. It is recognized that in some cases this system could have a detrimental effect on the price or volume of the security as far as a particular client is concerned. However, it is believed that the ability of clients to participate in volume transactions will produce better executions for the clients.

Collective Trust

The underlying funds and privately-offered pooled investment vehicles in which certain series of the collective trust invest, which include TAM Funds, pay transaction costs, such as commissions, when buying and selling securities of their portfolios. The advisers and any sub-advisers to the underlying funds and privately-offered pooled investment vehicles may receive research or other products or services other than execution from broker-dealers or third parties in connection with the funds' or vehicles' securities transactions.

Asset Allocation Program

The underlying funds in the Asset Allocation Program, which include TAM Funds, pay transaction costs, such as commissions, when buying and selling securities of their portfolios. The advisers and any sub-advisers to the underlying funds may receive research or other products or services other than execution from broker-dealers or third parties in connection with the funds' securities transactions.

Review of Accounts

TAM Funds

The Adviser closely monitors the Funds and the Funds' sub-advisers. Pursuant to the Adviser's responsibilities to each Fund and subject to the oversight and review of the boards, The Adviser is responsible for the evaluation and due diligence of prospective sub-advisers, review of each sub-adviser's compliance procedures and regulatory reporting, monitoring of each sub-adviser's investment performance, and monitoring each sub-adviser's adherence to the Fund's stated objective, policies and restrictions, including style and asset class strategies. To meet these obligations, the Adviser, including the Adviser's Chief Investment Officer subject to the supervision and direction of the boards, performs certain oversight functions, including, but not limited to, the following: (i) provides investment management evaluation concerning the initial selection, continuation, and, if necessary, replacement of sub-advisers; (ii) reviews the investment performance of each sub-adviser; (iii) reviews monthly compliance and quarterly checklists; (iv) monitors, on an daily basis, the sub-adviser's adherence to

investment rules and guidelines and report any material violations thereof to the boards; (v) reviews brokerage practices, such as soft dollar commissions, and provides corresponding reports to the boards on a periodic basis; and (vi) reports the results of certain performance and compliance monitoring and review to the boards on a quarterly basis, and, when necessary, makes recommendations for changes.

Collective Trust

The Adviser recommends one or more underlying series or Funds and the relative amounts to be invested in each underlying fund or series based on the objectives and principal strategies of the particular series of the collective trust. The Adviser closely monitors the series of the collective trust. Pursuant to the Adviser's responsibilities to each series of the collective trust and subject to the oversight and review of the board, the Adviser is responsible for the evaluation and due diligence of prospective sub-advisers of the underlying series or Funds as stated above. The Adviser, when necessary, makes recommendations for changes in the underlying series or Funds used by each series of the collective trust.

Asset Allocation Program

On a quarterly basis, the Adviser reviews the Models and may adjust the composition of each Model. TALIC and TALICNY provide clients with quarterly Contract statements showing variable annuity account values, as well as periodic performance reports. TALIC and TALICNY also provide program participants with quarterly updates regarding Model changes and the opportunity to reject such changes.

Client Referrals and Other Compensation

TAM Funds

As discussed under "Fees and Expenses" and "Other Financial Industry Activities and Affiliations" above, the Adviser (and its affiliates) make and receive revenue sharing payments and have conflicts associated with their promotion of the Funds or other dealings with the Funds that would create incentives for them to promote the Funds.

Certain of the Funds have adopted a distribution plan under Rule 12b-1 of the 1940 Act pursuant to which payments may be made in connection with the offering or sale of shares of such investment companies. The Adviser will benefit indirectly from the sale of shares, as its fees for services to the Funds are based on a percentage of assets under management. These 12b-1 fees may be used to make payments to Funds' distributor and to broker-dealers, financial institutions, or other financial intermediaries as compensation for the sale of Fund shares, and to make payments for advertising, marketing, or other promotional activity, and for providing personal service or the maintenance of shareholder accounts.

Collective Trust

As discussed under "Fees and Expenses" above, the Adviser currently receives no advisory fee from the collective trust because of an all-in fee charged at the separate account level. The Adviser currently receives no advisory fee from Transamerica Life Insurance Company for serving as investment adviser to the collective trust.

Asset Allocation Program

As discussed under "Fees and Expenses" above, there is no charge to the client for participation in the Program. The Adviser receives fees from TALIC and TALICNY in the amount of 0.0375% calculated as a percentage of the total TALIC and TALICNY Investor Choice Annuity contract assets participating in the Program.

For more information, please refer to the discussion above under "Fees and Expenses" that describes the Adviser's revenue sharing arrangements.

Custody

TAM Funds

The Funds' custodial arrangements are subject to regulation under the 1940 Act. State Street Bank and Trust Company serves as custodian to the Funds. The custodian's responsibilities include safeguarding and controlling each Fund's cash and securities, handling the receipt and delivery of securities, determining income and collecting interest on each Fund's investments, maintaining books of original entry for portfolio and Fund accounting and other required books and accounts, and calculating the daily net asset value of shares of each Fund.

Collective Trust

Transamerica Retirement Services Corp., as administrator to the Trust, provides participating eligible investors with quarterly statements in connection with their investment in the Trust.

Asset Allocation Program

TALIC and TALICNY provide clients with quarterly Contract statements showing variable annuity account values, as well as periodic performance reports. In addition, TALIC and TALICNY provide clients with additional reports in connection with their ownership of the Contract, including confirmations of activity showing any charges deducted and transfers among the investment options within their variable annuity contract, as required by law. Clients should carefully review these statement and reports.

Investment Discretion

Please see the description of advisory services rendered by the Adviser under "Advisory Business" above.

Voting Client Securities

The Adviser has adopted proxy voting policies and procedures pursuant to Rule 206(4)-6 under the Advisers Act. The purpose of the Adviser's proxy voting policies and procedures is to ensure that where the Adviser exercises proxy voting authority with respect to client securities it does so in the best interests of the client, and that sub-advisers to the Adviser clients exercise voting authority with respect to the Adviser client securities in accordance with policies and procedures adopted by the sub-advisers under Rule 206(4)-6 and approved by the Adviser client. The Adviser's proxy voting policies and procedures address material conflicts that may arise between the Adviser or its affiliates and the Funds by, in every case where the Adviser exercises voting discretion, either (i) providing for voting in accordance with the recommendation of an independent third party or board; or (ii) obtaining the consent of the board (or a board committee) with full disclosure of the conflict.

The Funds delegate the authority to vote proxies related to portfolio securities to the Adviser. The Adviser, in turn, delegates the responsibility to exercise voting authority with respect to securities held in the Funds' portfolios for which one or more sub-advisers has been retained to the sub-adviser(s) for each such portfolio, in accordance with the proxy voting policies and procedures of the applicable sub-adviser. The Adviser will collect and review the proxy voting policies and procedures of each sub-adviser, together with a certification from the sub-adviser that its proxy voting policies and procedures comply with Rule 206(4)-6. In the event that the Adviser is called upon to exercise voting authority with respect to client securities, the Adviser generally will vote in accordance with the recommendation of RiskMetrics Group, Inc. or another qualified independent third party, except that if the Adviser believes the recommendation would not be in the best interest of the relevant portfolio and its shareholders, the Adviser will consult the board of the relevant Fund (or a committee of the board) and vote in accordance with instructions from the board or committee.

MFTC, Trustee of the Trust, has all power and authority to administer the affairs of the Trust, including, without limitation, to exercise, personally or by general or limited power of attorney, any right, including the right to vote, appurtenant to any securities or other property of the Trust.

A copy of the Adviser's proxy voting policies and procedures is available upon request by calling 1-888-233-4339. The Funds file Forms N-PX, with the complete proxy voting records of the Funds for the 12 months ended June 30th, no later than August 31st of each year. These forms are available without charge: (1) from the Funds upon request by calling 1-888-233-4339; and (2) on the SEC's website at www.sec.gov.

Financial Information

The Adviser is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds, collective trust or the Program.

Requirements for State-Registered Advisers

This item is not applicable to the Adviser.