



PART 2A of Form ADV – Brochure

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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.

Please retain for your records

Material Changes

Following is a summary of material changes to the Adviser's brochure since the last update to the brochure on March 28, 2013.

The Adviser is now registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") with respect to certain funds.

The Adviser began providing advisory services to Luxembourg-domiciled UCITS (Undertakings for Collective Investment in Transferable Securities) on or about March 31, 2014.

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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 investment companies that are registered under the U.S. Investment Company Act of 1940, as amended (the “1940 Act”), foreign 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 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 with AEGON Global Funds, the “Funds”). The Adviser also serves as the investment adviser to AEGON Global Funds, which includes nine foreign registered investment companies that are Luxembourg-domiciled UCITS (Undertakings for Collective Investment in Transferable Securities) (the “Sub-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 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. For each of the other Funds or Sub-Funds in TAM, the Adviser currently acts as a “manager of managers” and hires investment sub-advisers to furnish investment advice and recommendations and has entered into sub-advisory agreements with the sub-advisers to these Funds. In acting as a manager of managers, the Adviser provides investment advisory services that include proactive oversight of sub-advisers, daily monitoring of the sub-advisers’ buying and selling of securities for the Funds and regular review of sub-adviser 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 also acts as investment adviser to certain wholly-owned subsidiaries of certain Funds, each of which is organized as a company under the laws of the Cayman Islands (a “Subsidiary”). Each Subsidiary has the same investment objective as the corresponding Fund and is sub-advised by the corresponding sub-adviser.

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 continues to employ a selection process designed to help identify top tier industry talent and seek to retain these “best in breed” sub-advisers for the Funds. The Adviser also seeks to retain specialty “niche” managers and alternative asset class manager to sub-advise new mandates in TAM. 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.

Investment Scorecard Program

The Adviser furnishes investment advice to an affiliated recordkeeper, Transamerica Retirement Solutions Corporation ("TRSC"). The Adviser screens a limited universe of mutual funds and other investment options for the affiliated recordkeeper using a combination of quantitative and/or 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.

Model Manager Program

An asset allocation program (the "Model Manager Program") is provided by the Adviser for use by Transamerica Financial Advisors, Inc. ("TFA") in a platform offered by TFA, an affiliated investment adviser. The Model Manager Program offers TFA several asset allocation models (each an "Asset Allocation Model") created and revised periodically by the Adviser. The Adviser is responsible for evaluating investment options available under the Model Manager Program and selecting the funds and periodic allocation percentage of assets for each Asset Allocation Model. Each Asset Allocation Model is intended for a specific type of investor based on risk profile, from aggressive to conservative, but the Asset Allocation Models are not constructed on an individualized basis for any one program participant. There are currently three Asset Allocation Models offered under the Model Manager Program: (i) Dual Alpha Conservative (ii) Dual Alpha Moderate and (iii) Dual Alpha Moderate Growth.

The Adviser constructs each model for each investor profile using the funds available through a specific TFA platform. The Adviser monitors the available funds on a continuing basis to identify those with characteristics that the Adviser believes are appropriate for each Asset Allocation 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 Asset Allocation Model. On a monthly basis, the Adviser reviews the Asset Allocation Models and may adjust the composition of each Asset Allocation Model.

Assets under Management

The Adviser currently manages client assets on a discretionary and non-discretionary basis. As of December 31, 2013, the Adviser managed approximately \$64.54 billion of client assets on a discretionary basis, and approximately \$2.03 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 Concentrated Growth - 0.65% of the first \$650 million; 0.63% over \$650 million up to \$1.15 billion; 0.575% in excess of \$1.15 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 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 Dividend Focused - 0.75% of the first \$200 million; 0.65% over \$200 million up to \$500 million; 0.60% in excess of \$500 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 Enhanced Muni - 0.44% of the first \$150 million; 0.42% over \$150 million up to \$350 million; 0.41% over \$350 million up to \$650 million; 0.39% over \$650 million up to \$1 billion; 0.36% in excess of \$1 billion.

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 Floating Rate - 0.61% of the first \$1 billion; 0.59% over \$1 billion up to \$1.5 billion; 0.57% over \$1.5 billion up to \$2 billion; 0.56% in excess of \$2 billion.

Transamerica Global Bond - 0.54% of the first \$750 million; 0.52% over \$750 million up to \$1.5 billion; 0.51% in excess of \$1.5 billion.

Transamerica Global Equity - 0.81% of the first \$250 million; 0.80% over \$250 million up to \$500 million; 0.79% over \$500 million up to \$1 billion; 0.78% over \$1 billion up to \$2 billion; 0.765% over \$2 billion up to \$2.5 billion; 0.76% in excess of \$2.5 billion.

Transamerica Global Macro - 1.25% of the first \$300 million; 1.175% over \$300 million up to \$500 million; 1.12% over \$500 million up to \$600 million; 1.05% in excess of \$600 million.

Transamerica Global Real Estate Securities - 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 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 High Yield Muni - 0.51% of the first \$500 million; 0.50% over \$500 million up to \$1 billion; 0.47% in excess of \$1 billion.

Transamerica Income & Growth - 0.67% of the first \$500 million; 0.65% over \$500 million up to \$1 billion; 0.63% over \$1 billion up to \$1.5 billion; 0.60% in excess of \$1.5 billion.

Transamerica Inflation Opportunities - 0.55% of the first \$200 million; 0.54% over \$200 million up to \$500 million; 0.51% in excess of \$500 million.

Transamerica Intermediate Bond - 0.35% of the first \$2 billion; 0.335% in excess of \$2 billion.

Transamerica International Equity - 0.74% of the first \$500 million; 0.72% over \$500 million up to \$1 billion; 0.69% over \$1 billion up to \$2 billion; 0.66% in excess of \$2 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 Small Cap Value- 0.925% of the first \$300 million; 0.90% over \$300 million up to \$750 million; 0.85% in excess of \$750 million.

Transamerica Large Cap Value - 0.65% of the first \$750 million; 0.62% over \$750 million up to \$1 billion; 0.60% in excess of \$1 billion.

Transamerica Long/Short Strategy - 1.20% of the first \$300 million; 1.15% over \$300 million up to \$1 billion; 1.125% in excess of \$1 billion.

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

Transamerica Mid Cap Growth - 0.72% of the first \$1 billion; 0.70% in excess of \$1 billion.

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

Transamerica Mid Cap Value Opportunities - 0.67% of the first \$750 million; 0.665% over \$750 million up to \$1.5 billion; 0.655% over \$1.5 billion up to \$2 billion; 0.6475% in excess of \$2 billion.

Transamerica MLP & Energy Income - 1.10% of the first \$250 million; 1.05% over \$250 million up to \$500 million; 0.98% over \$500 million up to \$1 billion; 0.88% over \$1 billion up to \$2 billion; 0.82% in excess of \$2 billion.

Transamerica Money Market - 0.40%.

Transamerica Multi-Managed Balanced - 0.67% 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 Opportunistic Allocation - 0.42% of the first \$250 million; 0.40% over \$250 million up to \$1 billion; 0.38% in excess of \$1 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 Core - 0.80% of the first \$300 million; 0.77% in excess of \$300 million.

Transamerica Small Cap Growth - 0.84% of the first \$300 million; 0.80% in excess of \$300 million.

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

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

Transamerica Strategic High Income - 0.66% of the first \$600 million; 0.63% over \$600 million up to \$1 billion; 0.60% over \$1 billion up to \$2 billion; 0.585% in excess of \$2 billion.

Transamerica Tactical Allocation - 0.55% of the first \$250 million; 0.54% over \$250 million up to \$500 million; 0.53% over \$500 million up to \$1.5 billion; 0.52% over \$1.5 billion up to \$2.5 billion; 0.51% in excess of \$2.5 billion.

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 Tactical Rotation - 0.55% of the first \$250 million; 0.54% over \$250 million up to \$500 million; 0.53% over \$500 million up to \$1.5 billion; 0.52% over \$1.5 billion up to \$2.5 billion; 0.51% in excess of \$2.5 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 US Growth - 0.70% of the first \$150 million; 0.67% over \$150 million up to \$650 million; 0.65% over \$650 million up to \$1.15 billion; 0.625% over \$1.15 billion up to \$2 billion; 0.61% over \$2 billion up to \$3 billion; 0.60% over \$3 billion up to \$4 billion; 0.58% in excess of \$4 billion.

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 Barrow Hanley Dividend Focused VP - 0.75% of first \$200 million; 0.65% over \$200 million up to \$500 million; 0.60% in excess of \$500 million.

Transamerica BlackRock Global Allocation VP - 0.68% of the first \$5 billion; 0.67% in excess of \$5 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 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 Market Participation Strategy VP - 0.65% of the first \$500 million; 0.62% over \$500 million up to \$1 billion; 0.59% over \$1 billion up to \$1.5 billion; 0.57% in excess of \$1.5 billion.

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 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 - 0.67% 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 VP - 0.20% of the first \$500 million; 0.19% over \$500 million up to \$1 billion; 0.18% in excess of \$1 billion.

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 Tactical - Balanced VP - 0.78% of the first \$250 million; 0.77% over \$250 million up to \$750 million; 0.76% over \$750 million up to \$1.5 billion; 0.73% in excess of \$1.5 billion.

Transamerica PIMCO Tactical - Conservative VP - 0.76% of the first \$750 million; 0.75% over \$750 million up to \$1.5 billion; 0.72 in excess of \$1.5 billion.

Transamerica PIMCO Tactical – Growth VP - 0.79% of the first \$250 million; 0.78% over \$250 million up to \$750 million; 0.76% over \$750 million up to \$1.5 billion; 0.73% in excess of \$1.5 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 Torray Concentrated Growth VP - 0.65% of first \$650 million; 0.63% over \$650 million up to \$1.15 billion; 0.575% in excess of \$1.15 billion.

Transamerica TS&W International Equity VP - 0.74% of the first \$500 million; 0.72% over \$500 million up to \$1 billion; 0.69 % over \$1 billion up to \$2 billion; 0.66 % in excess of \$2 billion.

Transamerica Vanguard ETF Portfolio - Aggressive Growth 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 Vanguard ETF Portfolio - Balanced 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 Vanguard ETF Portfolio - Conservative 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 Vanguard ETF Portfolio - Growth 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 Voya Balanced Allocation VP - 0.10%.

Transamerica Voya Conservative Allocation VP - 0.10%.

Transamerica Voya Intermediate Bond VP - 0.50% of first \$1 billion; 0.48% in excess of \$1 billion.

Transamerica Voya Large Cap Growth VP - 0.80% of first \$250 million; 0.75% over \$250 million up to \$1 billion; 0.72% in excess of \$1 billion.

Transamerica Voya Limited Maturity Bond VP - 0.50% of first \$250 million; 0.475% over \$250 million up to \$1 billion; 0.46% in excess of \$1 billion.

Transamerica Voya Mid Cap Opportunities VP - 0.83% of first \$100 million; 0.815% over \$100 million up to \$1 billion; 0.80% in excess of \$1 billion.

Transamerica Voya Moderate Growth VP - 0.10%.

Transamerica WMC US Growth VP - 0.70% of the first \$150 million; 0.67% over \$150 million up to \$650 million; 0.65% over \$650 million up to \$1.15 billion; 0.625% over \$1.15 billion up to \$2 billion; 0.61% over \$2 billion up to \$3 billion; 0.60% over \$3 billion up to \$4 billion; 0.58% in excess of \$4 billion.

Transamerica WMC US Growth II VP - 0.30%.

The following are series of TPP:

Transamerica Partners Balanced Portfolio - 0.45%.

Transamerica Partners Core Bond Portfolio - 0.35% of first \$2 billion; 0.335% in excess of \$2 billion.

Transamerica Partners High Quality Bond Portfolio - 0.35%.

Transamerica Partners High Yield Bond Portfolio - 0.55% of first \$1.25 billion; 0.525% over \$1.25 billion up to \$2 billion; 0.50% in excess of \$2 billion.

Transamerica Partners Inflation-Protected Securities Portfolio - 0.35%.

Transamerica Partners International Equity Portfolio - 0.74% of the first \$500 million; 0.72% over \$500 million up to \$1 billion; 0.69% over \$1 billion up to \$2 billion; 0.66% in excess of \$2 billion.

Transamerica Partners Large Core Portfolio - 0.60%.

Transamerica Partners Large Growth Portfolio - 0.62% of the first \$2 billion; 0.61% over \$2 billion up to \$3 billion; 0.60 % over \$3 billion up to \$4 billion; 0.58 % in excess of \$4 billion.

Transamerica Partners Large Value Portfolio - 0.45%.

Transamerica Partners Mid Growth Portfolio - 0.72%.

Transamerica Partners Mid Value Portfolio - 0.67% of the first \$750 million; 0.665% over \$750 million up to \$1.5 billion; 0.655 % over \$1.5 billion up to \$2 billion; 0.6475 % in excess of \$2 billion.

Transamerica Partners Money Market Portfolio - 0.25%.

Transamerica Partners Small Core Portfolio - 0.80% of the first \$300 million; 0.77% in excess of \$300 million.

Transamerica Partners Small Growth Portfolio - 0.84% of the first \$300 million; 0.80% in excess of \$300 million.

Transamerica Partners Small Value Portfolio - 0.82%.

The following are series of TPF:

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% of first \$2 billion; 0.335% in excess of \$2 billion.

Transamerica Partners High Quality Bond - 0.35%.

Transamerica Partners High Yield Bond - 0.55% of first \$1.25 billion; 0.525% over \$1.25 billion up to \$2 billion; 0.50% in excess of \$2 billion.

Transamerica Partners Inflation-Protected Securities - 0.35%.

Transamerica Partners International Equity - 0.74% of the first \$500 million; 0.72% over \$500 million up to \$1 billion; 0.69% over \$1 billion up to \$2 billion; 0.66% in excess of \$2 billion.

Transamerica Partners Large Core - 0.60%.

Transamerica Partners Large Growth - 0.62% of the first \$2 billion; 0.61% over \$2 billion up to \$3 billion; 0.60% over \$3 billion up to \$4 billion; 0.58% in excess of \$4 billion.

Transamerica Partners Large Value - 0.45%.

Transamerica Partners Mid Growth - 0.72%.

Transamerica Partners Mid Value - 0.67% of the first \$750 million; 0.665% over \$750 million up to \$1.5 billion; 0.655% over \$1.5 billion up to \$2 billion; 0.6475% in excess of \$2 billion.

Transamerica Partners Money Market - 0.25%.

Transamerica Partners Small Core - 0.80% of the first \$300 million; 0.77% in excess of \$300 million.

Transamerica Partners Small Growth - 0.84% of the first \$300 million; 0.80% in excess of \$300 million.

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 TPFPGII:

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% of first \$2 billion; 0.335% in excess of \$2 billion.

Transamerica Partners Institutional High Quality Bond - 0.35%.

Transamerica Partners Institutional High Yield Bond - 0.55% of first \$1.25 billion; 0.525% over \$1.25 billion up to \$2 billion; 0.50% in excess of \$2 billion.

Transamerica Partners Institutional Inflation-Protected Securities - 0.35%.

Transamerica Partners Institutional International Equity - 0.74% of the first \$500 million; 0.72% over \$500 million up to \$1 billion; 0.69% over \$1 billion up to \$2 billion; 0.66% in excess of \$2 billion.

Transamerica Partners Institutional Large Core - 0.60%.

Transamerica Partners Institutional Large Growth - 0.62% of the first \$2 billion; 0.61% over \$2 billion up to \$3 billion; 0.60% over \$3 billion up to \$4 billion; 0.58% in excess of \$4 billion.

Transamerica Partners Institutional Large Value - 0.45%.

Transamerica Partners Institutional Mid Growth - 0.72%.

Transamerica Partners Institutional Mid Value - 0.67% of the first \$750 million; 0.665% over \$750 million up to \$1.5 billion; 0.655% over \$1.5 billion up to \$2 billion; 0.6475% in excess of \$2 billion.

Transamerica Partners Institutional Money Market - 0.25%.

Transamerica Partners Institutional Small Core - 0.80% of the first \$300 million; 0.77% in excess of \$300 million.

Transamerica Partners Institutional Small Growth - 0.84% of the first \$300 million; 0.80% in excess of \$300 million.

Transamerica Partners Institutional Small Value - 0.82%.

Transamerica Partners Institutional Stock Index - 0.40%.

Note: Each of the series of TPFGLI, 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%.

The following are series of AEGON Global Funds (UCITs):

| Sub-Fund | Class A | Class N | Class I | Class X | Class M | Class Z |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| AEGON Emerging Markets Debt Fund | 0.65% | 0.70% | 0.60% | N/A* | 0.60% | 0.65% |
| AEGON Flexible Income Fund | 0.53% | 0.58% | 0.48% | N/A* | 0.48% | 0.53% |
| AEGON High Yield Bond Fund | 0.64% | 0.69% | 0.59% | N/A* | 0.59% | 0.64% |
| AEGON International Equity Fund | 0.85% | 0.90% | 0.80% | N/A* | 0.80% | 0.85% |
| AEGON Large Cap Value Fund | 0.70% | 0.75% | 0.65% | N/A* | 0.65% | 0.70% |
| AEGON Short-Term Bond Fund | 0.60% | 0.65% | 0.55% | N/A* | 0.55% | 0.60% |
| AEGON Small Cap Core Fund | 0.85% | 0.90% | 0.80% | N/A* | 0.80% | 0.85% |
| AEGON Tactical Income Fund | 0.52% | 0.57% | 0.47% | N/A* | 0.47% | 0.52% |
| AEGON Tactical Rotation Fund | 0.60% | 0.65% | 0.55% | N/A* | 0.55% | 0.60% |

Additional Information Regarding TAM Funds

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") are engaged in a variety of businesses and have interests other than that of managing the Funds. 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.

The performance of certain Funds may impact the financial exposure of the Transamerica insurance companies under guarantees that those companies provide as issuers of variable insurance contracts. Transamerica's investment decisions and the design of Funds may be influenced by this. For example, a Fund being managed or designed in a more conservative fashion may help reduce the risk to the Transamerica insurance companies that provide guaranteed benefits under variable insurance contracts and facilitate the provision of those guaranteed benefits.

Transamerica serves as investment adviser to certain funds of funds that invest in affiliated underlying funds, unaffiliated underlying funds, or a combination of both, and is subject to conflicts of interest in allocating the funds of funds' assets among the underlying funds. Transamerica will receive more revenue to the extent it selects an affiliated fund rather than an unaffiliated fund for inclusion in a fund of funds. In addition, Transamerica may have an incentive to allocate the fund of fund's assets to those underlying funds for which the net advisory fees payable to Transamerica are higher than the fees payable by other underlying funds or to those underlying funds for which an affiliate of Transamerica serves as the sub-adviser.

Transamerica may have a financial incentive to implement certain changes to the Funds. Transamerica 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 net advisory fee payable to Transamerica and/or that is sub-advised by an affiliate of Transamerica. Transamerica will also benefit to the extent that it replaces a sub-adviser with a new sub-adviser with a lower sub-advisory fee.

Additional discussion of the actual, potential and perceived conflicts of interests that could affect the Funds and their shareholders stemming from the broad range of activities and interests of Transamerica appears under the heading "Other Financial Industry Activities and Affiliations" below. Transamerica Capital, Inc. ("TCI"), the Funds' distributor and an affiliate of the Adviser, the Adviser and their affiliates may enter into arrangements with affiliated entities that provide administrative, recordkeeping and other services with respect to one or more of the Funds. Payment for these services is made by TCI, the Adviser and their affiliates out of past profits and other available sources and may take the form of internal credit, recognition or cash payments. TCI, the Adviser and their affiliates may also enter into similar arrangements with unaffiliated entities.

TCI engages 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 Adviser and their affiliates out of past profits and other available sources, including revenue sharing payments from others.

TCI (in connection with, or in addition to, wholesaling services), the Adviser and Fund sub-advisers, directly or through TCI, out of their past profits and other available sources, typically provide cash payments or non-cash compensation to unaffiliated brokers and other financial intermediaries who have sold shares of the Funds, promote the distribution of the Funds or render investor services to Fund shareholders. 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. These arrangements are sometimes referred to as "revenue sharing" arrangements. The amount of revenue sharing payments is substantial, may be substantial to any given

recipient and may exceed the costs and expenses incurred by the recipient for any fund-related distribution or shareholder servicing activities. 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, at least in part, based on the level of compensation paid. Revenue sharing arrangements are separately negotiated. Revenue sharing payments are not an additional charge to the Funds.

The Adviser makes revenue sharing payments to certain financial intermediaries and receives revenue sharing payments from certain financial services firms.

Such additional cash payments may be made to brokers and other financial intermediaries that provide services to the Funds and/or Fund shareholders, including (without limitation) shareholder servicing, marketing support and/or access to meetings and/or events, sales representatives and management representatives of the broker or other financial intermediaries. Cash compensation may also be paid to brokers and other financial intermediaries for inclusion of a Fund on a sales list, including a preferred or select sales list, in other sales programs, or as an expense reimbursement or compensation in cases where the broker or other financial intermediary provides services to Fund shareholders. To the extent permitted by applicable law, TCI and other parties may pay or allow other incentives and compensation to brokers and other financial intermediaries. TCI and the other parties making these payments generally assess the advisability of continuing making these payments periodically.

These cash payments may take a variety of forms, including (without limitation) reimbursement of ticket charges, additional compensation based on sales, on-going fees for shareholder servicing and maintenance of investor accounts, and finder's fees that vary depending on the Fund or share class and the dollar amount of shares sold. Revenue sharing payments can be calculated: (i) as a percentage of gross or net sales; (ii) as a percentage of gross or net assets under management; and/or (iii) as a fixed or negotiated flat fee dollar amount. These payments are made on a periodic basis, such as monthly or quarterly.

The Adviser also serves as investment adviser to certain funds of funds that are underlying investment options for Transamerica insurance products. TCI and its affiliates receive revenue sharing payments from affiliates of certain underlying unaffiliated funds for the provision of services to investors and distribution activities.

In addition, while TCI typically pays most of the sales charge applicable to the sale of Fund shares to brokers and other financial intermediaries through which purchases are made, TCI may, on occasion, pay the entire sales charge.

From time to time, TCI, its affiliates and/or the Adviser and/or Fund sub-advisers may also, to the extent permitted by applicable law, pay non-cash compensation or revenue sharing to brokers and other financial intermediaries and their sales representatives in the form of, for example: (i) occasional gifts or prizes; (ii) occasional meals, tickets or other entertainment; and/or (iii) sponsorship support of broker marketing events, programs, sales contests, promotions or other activities. Such non-cash compensation may also include, in part, assistance with the costs and expenses associated with travel, lodging, and educational, sales and promotional meetings, seminars, programs and conferences, entertainment and meals to the extent permitted by law. TCI and the Adviser may also make payments in connection with the sponsorship by Transamerica or its affiliates of special events which may be attended by brokers and other financial intermediaries.

The non-cash compensation to sales representatives and compensation or reimbursement received by brokers and other financial intermediaries through sales charges, other fees payable from the Funds, and/or revenue sharing arrangements for selling shares of the Funds may be more or less than the overall compensation or reimbursement on similar or other products and may influence your broker or other financial intermediary to present and recommend the Funds over other investment options available in the marketplace. In addition, depending on the arrangements in place at any particular time, your broker or other financial intermediary may have a financial incentive for recommending a particular class of Fund shares over other share classes.

Shareholders may obtain more information about these arrangements, including the conflicts of interests that such arrangements may create, from their brokers and other financial intermediaries, and should so inquire if they would like additional information. A shareholder may ask his/her broker or financial intermediary how he/she will be compensated for investments made in the Funds. Revenue

sharing payments, as well as payments under the shareholder services and distribution plan (where applicable), also benefit the Adviser, TCI and their affiliates and Fund sub-advisers to the extent the payments result in more assets being invested in the Funds on which fees are being charged.

Although a Fund may use financial firms that sell Fund shares to effect transactions for the Fund's portfolio, the Fund and its investment adviser or sub-adviser will not consider the sale of Fund shares as a factor when choosing financial firms to effect those transactions.

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.

Investment Scorecard Program

For its services, the Adviser receives compensation from TRSC of \$200,000 annually.

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.

Model Manager Program

For its services to the Model Manager Program, the Adviser receives compensation from TFA of 0.20% (on an annualized basis) for those assets in the Dual Alpha I-Series accounts invested in accordance with the Asset Allocation Model Portfolios, based on the market value of the assets in the specific Dual Alpha I-Series accounts.

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 foreign registered investment companies, a privately-offered pooled investment vehicle, an affiliated broker-dealer, an asset allocation program for use in certain variable annuity contracts issued

by affiliated insurance companies, a model asset allocation program for use in a specific program offered by an affiliated investment adviser, and certain products within the product line of an affiliated recordkeeper for various retirement plans.

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 asset allocation 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."

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.

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.

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.

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.

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.

| <u>FUND</u> | <u>PRINCIPAL INVESTMENT STRATEGIES AND RISKS</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transamerica Asset Allocation - Intermediate Horizon Transamerica Institutional Asset Allocation - Intermediate Horizon | <u>Normal Approximate Allocations</u> Bond Funds Stock Funds Money Market Fund 49.8% 50% 0.2% |
| Transamerica Asset Allocation - Intermediate/Long Horizon Transamerica Institutional Asset Allocation - Intermediate/Long Horizon | <u>Normal Approximate Allocations</u> Bond Funds Stock Funds Money Market Fund 29.8% 70% 0.2% |
| Transamerica Asset Allocation - Long Horizon Transamerica Institutional Asset Allocation - Long Horizon | <u>Normal Approximate Allocations</u> Bond Funds Stock Funds Money Market Fund 9.8% 90% 0.2% |
| Transamerica Asset Allocation - Short/Intermediate Horizon Transamerica Institutional Asset Allocation - Short/Intermediate Horizon | <u>Normal Approximate Allocations</u> Bond Funds Stock Funds Money Market Fund 69.8% 30% 0.2% |
| Transamerica Asset Allocation - Short Horizon Transamerica Institutional Asset Allocation - Short Horizon | <u>Normal Approximate Allocations</u> Bond Funds Stock Funds Money Market Fund 89.9% 10% 0.2% |

AEGON Global Funds (UCITs)

The Adviser serves as the investment adviser to AEGON Global Funds, which includes nine foreign registered investment companies that are Luxembourg-domiciled UCITS (Undertakings for Collective Investment in Transferable Securities) (the “Sub-Funds”). The investment strategies and risks of the Sub-Funds are summarized below.

| <u>FUND</u> | <u>PRINCIPAL INVESTMENT STRATEGIES AND RISKS</u> |
|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AEGON Global Funds – AEGON Emerging Markets Debt Fund (the “Emerging Markets Debt Fund”) | <p><u>Investment Policy</u></p> <p>Under normal circumstances, the sub-adviser seeks to achieve the Emerging Markets Debt Fund’s investment objective by primarily investing in debt securities of issuers located in emerging market countries. The sub-adviser may invest in the debt securities of issuers located in emerging markets without limit. Emerging market countries are countries that major international financial institutions, such as the World Bank, generally consider to be less economically mature than developed nations. Emerging market countries can include every nation in the world except the United States, Canada, Japan, Australia, New Zealand and most countries located in Western Europe. The Emerging Markets Debt Fund normally invests primarily in fixed-income securities of government and government-related issuers in emerging market countries.</p> <p>The sub-adviser seeks to identify issuers in developing countries that are believed to be undervalued and have attractive or improving fundamentals. The sub-adviser analyzes the global economic environment and its impact on emerging markets. The Emerging Markets Debt Fund will normally invest its assets in local currency and hard currency (such as USD) emerging markets sovereign and corporate debt issues.</p> <p>The Emerging Markets Debt Fund’s USD-denominated sovereign exposure will generally range between 25% and 100%, and its corporate exposure will generally range between 30% and 70%. The Emerging Markets Debt Fund’s local currency sovereign and corporate exposures should range between 5% and 40%. The Emerging Markets Debt Fund’s developed markets exposure will normally range between 0% and 10%. Generally, less than 10% of the Emerging Markets Debt Fund’s net assets will be invested in cash and cash equivalents.</p> <p>The Emerging Markets Debt Fund’s holdings may range in maturity from overnight to 30 years or more and will not be subject to any minimum credit rating standard. The Emerging Markets Debt Fund may invest in debt securities that are rated below investment grade (commonly known as “junk bonds”), including defaulted securities. Defaulted securities are securities for which there is a failure by the issuer or the guarantor to make timely payment of interest or principal or to otherwise comply with the provisions of its contractual obligations. The sub-adviser does not expect defaulted securities to represent more than 5% of the Emerging Markets Debt Fund’s net assets at any one time, and under no circumstances will defaulted securities represent more than 10% of the Emerging Markets Debt Fund’s net assets.</p> |

The sub-adviser may, when or if available, use certain strategies, including the use of derivatives, to seek to protect the Emerging Markets Debt Fund from what are believed to be overvalued currencies or to take advantage of what are believed to be undervalued currencies. The sub-adviser generally considers selling a security when it determines that the holding no longer satisfies its investment criteria.

The Emerging Markets Debt Fund may invest in capital securities, which are hybrid securities that combine the characteristics of bonds and preferred stocks. The Emerging Markets Debt Fund may invest in such securities in order to take advantage of the mispricing of subordinated risk within the marketplace. The sub-adviser does not expect that capital securities will represent more than 5% of the Emerging Markets Debt Fund's assets at any one time.

The Emerging Markets Debt Fund may also invest up to 25% of its assets in cross currency hedges, which involve the sale of one currency against the positive exposure to a different currency. Cross currency hedges may be used for hedging purposes or to establish an active exposure to the exchange rate between any two currencies.

Under adverse or unstable market, economic or political conditions, the Emerging Markets Debt Fund may take temporary defensive positions in cash and short-term debt securities. During periods of defensive investing, the Emerging Markets Debt Fund may not achieve its objective.

Risk Factors

The Emerging Markets Debt Fund is primarily subject to the risks mentioned below.

- Active Trading
- Cash Management And Defensive Investing
- Credit
- Currency
- Currency Hedging
- Derivatives
- Distressed or Defaulted Securities
- Emerging Markets
- Expenses
- Extension
- Fixed-Income Securities
- Non-U.S. Investments
- High-Yield Debt Securities
- Interest Rate
- Liquidity
- Manager
- Market
- Portfolio Selection
- Prepayment or Call
- Sovereign Debt
- Valuation

**AEGON Global Funds – AEGON
Flexible Income Fund (the
“Flexible Income Fund”)**

Investment Policy

Under normal circumstances, the sub-adviser seeks to achieve the Flexible Income Fund’s investment objective by primarily investing in fixed-income securities, including U.S. Government and non-U.S. government bonds and notes (including emerging markets), MBS, CMBS, and ABS (including collateralized mortgage obligations), corporate bonds of issuers in the U.S. and non-U.S. countries (including emerging markets), convertible bonds and other convertible securities, structured notes, and preferred securities. Additionally, subject to a 10% limit, the Flexible Income Fund may also invest in bank loans and loan participations.

The Flexible Income Fund may invest up to 50% of its assets in fixed-income securities in emerging markets.

Under normal circumstances, at least 50% of the value of the Flexible Income Fund’s assets will be invested in (a) debt securities which have a rating within the four highest grades as determined by Moody’s Investors Services, Inc. (“Moody’s”) (“Aaa, Aa, A or Baa”) or Standard & Poor’s Corporation (“S&P”) (“AAA, AA, A or BBB”); (b) securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities; (c) commercial paper rated Prime, Prime-1 or Prime-2 by NCO/Moody’s Commercial Paper Division, Moody’s or A-1 or A-2 by S&P; or (d) cash or cash equivalents. Up to 50% of the value of the Flexible Income Fund’s assets may be invested in other debt securities which are not rated by Moody’s or S&P or, if so rated, are not within the grades or ratings referred to above (commonly known as “junk bonds”), including defaulted securities. Defaulted securities are securities for which there is a failure by the issuer or the guarantor to make timely payment of interest or principal or to otherwise comply with the provisions of its contractual obligations. The sub-adviser does not expect defaulted securities to represent more than 5% of the Flexible Income Fund’s net assets at any one time, and under no circumstances will defaulted securities represent more than 10% of the Flexible Income Fund’s net assets. The Flexible Income Fund may invest up to 20% of its total assets in equity securities, such as common stocks, rights, warrants or preferred stock. The Flexible Income Fund may invest in securities of any maturity and does not have a target average duration.

The Flexible Income Fund may invest up to 20% of its total assets in MBS, CMBS, and ABS (including collateralized mortgage obligations). The Flexible Income Fund may engage in options and futures transactions, foreign currency transactions, and swap transactions. Instead of investing directly in particular securities, the Flexible Income Fund may use instruments such as derivatives, including credit default swaps and futures contracts, and synthetic instruments that are intended to provide economic exposure to the securities or the issuer.

The Flexible Income Fund may use short-term trading as a means of managing its portfolio to achieve its investment objectives. By virtue of short-term trading, the Flexible Income Fund may engage in greater buying and selling activity than investment funds which are not permitted to employ such a

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| | <p>policy in seeking their investment objectives. Such activity can result in greater costs of operation than is the case with other investment funds, and risks of loss in portfolio value could be greater. Accordingly, an investment in shares of this Flexible Income Fund may be more speculative than an investment in shares of an investment fund which cannot engage in short-term trading. Subject to the limitations set forth in the prospectus, the Flexible Income Fund may use one or more types of these instruments without limit.</p> <p>Under adverse or unstable market, economic or political conditions, the Flexible Income Fund may take temporary defensive positions in cash and short-term debt securities. During periods of defensive investing, the Flexible Income Fund may not achieve its objective.</p> <p><u>Risk Factors</u></p> <p>The Flexible Income Fund is primarily subject to the risks mentioned below.</p> <ul style="list-style-type: none"> • Active Trading • Cash Management And Defensive Investing • Convertible Securities • Credit • Currency • Derivatives • Emerging Markets • Equity Securities • Expenses • Extension • Fixed-Income Securities • Non-U.S. Investments • High-Yield Debt Securities • Interest Rate • Liquidity • Loans • Manager • Market • Mortgage-Related and Asset-Backed Securities • Portfolio Selection • Preferred Stock • Prepayment or Call • Structured Instruments • U.S. Government Agency Obligations • Valuation • Warrants and Rights |
| <p><u>AEGON Global Funds – AEGON High Yield Bond Fund (the “High Yield Bond Fund”)</u></p> | <p><u>Investment Policy</u></p> <p>Under normal circumstances, the sub-adviser seeks to achieve the High Yield Bond Fund’s investment objective by primarily investing in high-yield/high-risk bonds (commonly known as “junk bonds”), including defaulted securities. Defaulted securities are securities for which there is a failure by the issuer or the guarantor to make timely payment of interest or principal or to otherwise comply with the provisions of its contractual obligations. The sub-adviser does not expect defaulted securities to represent more than 5% of the High</p> |

Yield Bond Fund's net assets at any one time, and under no circumstances will defaulted securities represent more than 10% of the High Yield Bond Fund's net assets.

Junk bonds are high risk debt securities rated below investment grade or determined by the sub-adviser to be of comparable quality. The sub-adviser's strategy is to seek to achieve yields as high as possible while seeking to manage risk. The sub-adviser uses a "top-down/bottom-up" approach in managing the High Yield Bond Fund's assets. The "top-down" approach is to adjust the risk profile of the High Yield Bond Fund. The sub-adviser analyzes four factors that affect the movement of the fixed-income bond prices which include: economic indicators; technical indicators that are specific to the high-yield market; investor sentiment and valuation. Analysis of these factors assists the sub-adviser in its decision regarding the High Yield Bond Fund's portfolio allocations. In a "top-down" approach, the sub-adviser looks at broad market factors and chooses certain sectors or industries within the market, based on those factors. It then looks at individual companies within those sectors or industries.

The sub-adviser has developed a proprietary credit model that is the foundation of its "bottom-up" analysis. The model tracks historical cash flow numbers and calculates credit financial ratios. Because high-yield companies are of higher financial risk, the sub-adviser does a thorough credit analysis of all companies in the High Yield Bond Fund's portfolio, as well as all potential acquisitions. A "bottom-up" approach is looking at individual companies against the context of broader market factors.

The sub-adviser may sell the portfolio's securities when it determines there are changes in economic indicators, technical indicators or valuation.

The sub-adviser may invest up to 10% of the High Yield Bond Fund's net assets in the debt securities of issuers located in emerging markets.

The High Yield Bond Fund may invest up to 20% of its total assets in MBS and ABS (including collateralized mortgage obligations). The High Yield Bond Fund may also invest in fixed income ETFs for cash management purposes. Each underlying ETF has its own investment objective, principal investment strategies and investment risks.

Under adverse or unstable market, economic or political conditions, the High Yield Bond Fund may take temporary defensive positions in cash and short-term debt securities. During periods of defensive investing, the High Yield Bond Fund may not achieve its objective.

Risk Factors

The High Yield Bond Fund is primarily subject to the risks mentioned below.

- Active Trading
- Cash Management And Defensive Investing
- Credit
- Distressed or Defaulted Securities

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| | <ul style="list-style-type: none"> • Emerging Markets • Expenses • Extension • Fixed-Income Securities • High-Yield Debt Securities • Interest Rate • Liquidity • Manager • Market • Mortgage-Related and Asset-Backed Securities • Non-U.S. Investments • Portfolio Selection • Preferred Stock • Prepayment or Call • Valuation |
| <u>AEGON Global Funds – AEGON International Equity Fund (the “International Equity Fund”)</u> | <p><u>Investment Policy</u></p> <p>Under normal circumstances, the sub-adviser seeks to achieve the International Equity Fund’s investment objective by investing primarily in equity securities of non-U.S. issuers representing at least three countries other than the United States. The sub-adviser currently anticipates investing in at least 12 countries other than the United States. The sub-adviser will emphasize established companies in individual non-U.S. markets and will attempt to stress companies and markets that it believes are undervalued. The sub-adviser expects capital growth to be the predominant component of the International Equity Fund’s total return.</p> <p>Generally, the International Equity Fund will invest primarily in common stocks of companies listed on non-U.S. securities exchanges, but it may also invest in depositary receipts including ADRs, GDRs and EDRs. Although the International Equity Fund will emphasize larger, more seasoned or established companies, it may invest in companies of varying size as measured by assets, sales or market capitalization. The International Equity Fund will invest primarily in securities of companies domiciled in developed countries, but may invest up to 10% of its assets in securities of companies in emerging markets. It is expected that investments will be diversified throughout the world and within markets in an effort to minimize specific country and currency risks.</p> <p>The sub-adviser employs a relative value process utilizing a combination of quantitative and qualitative methods based on a four-factor valuation screen designed to outperform the Morgan Stanley Capital International EAFE Index. The sub-adviser’s analysts also perform rigorous fundamental analysis. A portfolio composed of approximately 80-100 stocks is selected as a result of this process. The sub-adviser generally limits its investment universe to those companies with a minimum of three years of operating history. The sub-adviser employs a consistent sell discipline which includes a significant negative earnings revision, a stock being sold when the catalyst is no longer valid, or another stock presents a more attractive opportunity.</p> |

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| | <p>Under adverse or unstable market, economic or political conditions, the International Equity Fund may take temporary defensive positions in cash and short-term debt securities. During periods of defensive investing, the International Equity Fund may not achieve its objective.</p> <p><u>Risk Factors</u></p> <p>The International Equity Fund is primarily subject to the risks mentioned below.</p> <ul style="list-style-type: none"> • Cash Management And Defensive Investing • Currency • Emerging Markets • Equity Securities • Expenses • Focused Investing • Liquidity • Manager • Market • Non-U.S. Investments • Portfolio Selection • Small and Medium Capitalization Companies • Value Investing |
| <p><u>AEGON Global Funds – AEGON Large Cap Value Fund (the “Large Cap Value Fund”)</u></p> | <p><u>Investment Policy</u></p> <p>Under normal circumstances, the sub-adviser seeks to achieve the Large Cap Value Fund’s investment objective by primarily investing in equity securities of large cap companies organized or located within the U.S. or which primarily trade in a market located within the U.S. The Large Cap Value Fund considers large cap companies to be companies with capitalizations within the range of companies included in the Russell 1000® Value Index. As of 31 December 2013, the market capitalization range of the Russell 1000® Value Index was between approximately USD 1.1 billion and USD 504.9 billion. The sub-adviser normally intends to focus primarily on companies with market capitalization greater than USD 10 billion but may invest in companies with capitalizations between USD 1 billion to USD 10 billion at the time of purchase.</p> <p>The Large Cap Value Fund will employ a value-oriented, contrarian approach and a bottom-up fundamental research process combining stock specific insight with a contra momentum discipline. Employing a contra momentum discipline is a practice through which the sub-adviser will seek to purchase securities trading lower than recent highs and at modest multiples of cash flow, reflecting low asset valuations and indicating that the securities may be undervalued. The sub-adviser emphasizes capital preservation, risk control and downside protection. The goal of the systematic evaluation is to identify and buy stocks that are undervalued but have an identifiable catalyst, such as a potentially profitable product in the issuer’s production pipeline that has the potential to unlock value.</p> <p>The Large Cap Value Fund will generally invest in companies across a variety of industries and sectors. Valuation is assessed on both a relative and absolute basis. The Large Cap Value Fund will invest primarily in common stock and depositary</p> |

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| | <p>receipts. The Large Cap Value Fund may invest up to 20% of its net assets in non-U.S. securities. The Large Cap Value Fund considers non-U.S. securities to include issuers organized or located outside the U.S. or issuers which primarily trade in one or more markets located outside the U.S.</p> <p>Under adverse or unstable market, economic or political conditions, the Large Cap Value Fund may take temporary defensive positions in cash and short-term debt securities. During periods of defensive investing, the Large Cap Value Fund may not achieve its objective.</p> <p><u>Risk Factors</u></p> <p>The Large Cap Value Fund is primarily subject to the risks mentioned below.</p> <ul style="list-style-type: none"> • Active Trading • Cash Management And Defensive Investing • Depositary Receipts • Equity Securities • Expenses • Liquidity • Manager • Market • Non-U.S. Investments • Portfolio Selection • Small and Medium Capitalization Companies • Valuation • Value Investing |
| <p><u>AEGON Global Funds – AEGON Short-Term Bond Fund (the “Short-Term Bond Fund”)</u></p> | <p><u>Investment Policy</u></p> <p>Under normal circumstances, the sub-adviser seeks to achieve the Short-Term Bond Fund’s investment objective by primarily investing in fixed-income securities of U.S. and non-U.S. issuers. The sub-adviser may invest up to 20% of the Short-Term Bond Fund’s net assets in the debt securities of issuers located in emerging markets. The Short-Term Bond Fund's portfolio weighted average duration will typically range from 1 to 2.5 years. The sub-adviser expects to typically invest no more than 10% of the Short-Term Bond Fund’s net assets, but may invest up to 20% of the Short-Term Bond Fund’s net assets, in high-yield debt securities (commonly known as “junk bonds”), including defaulted securities. Defaulted securities are securities for which there is a failure by the issuer or the guarantor to make timely payment of interest or principal or to otherwise comply with the provisions of its contractual obligations. The sub-adviser does not expect defaulted securities to represent more than 5% of the Short-Term Bond Fund’s net assets at any one time, and under no circumstances will defaulted securities represent more than 10% of the Short-Term Bond Fund’s net assets.</p> <p>Securities in which the Short-Term Bond Fund may invest include:</p> <ul style="list-style-type: none"> - commercial paper; - short-term and intermediate-term corporate obligations; - obligations issued or guaranteed by the U.S. and non-U.S. governments and their agencies and instrumentalities; - MBS; and - ABS. |

Subject to a 10% limit, the Short-Term Bond Fund may also invest in bank obligations, savings association obligations, collateralized mortgage obligations, non-U.S. securities and hybrids. The Short-Term Bond Fund may invest up to 20% of its total assets in MBS and ABS.

Bank obligations purchased for the Short-Term Bond Fund are limited to U.S. or non-U.S. banks with total assets of USD 1.5 billion or more. Similarly, savings association obligations purchased for the Short-Term Bond Fund are limited to U.S. savings association obligations issued by U.S. savings banks with total assets of USD 1.5 billion or more. Non-U.S. government securities purchased for the Short-Term Bond Fund must be U.S. dollar-denominated and issued by non-U.S. governments, agencies or instrumentalities. These non-U.S. obligations must also meet the same quality requirements as U.S. obligations, as determined by the sub-adviser in accordance with its applicable policies and procedures. The commercial paper and other short-term corporate obligations the sub-adviser buys for the Short-Term Bond Fund are determined by the sub-adviser to present minimal credit risks.

The Short-Term Bond Fund may also invest in futures for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments. Under adverse or unstable market, economic or political conditions, the Short-Term Bond Fund may take temporary defensive positions in cash and short-term debt securities. During periods of defensive investing, the Short-Term Bond Fund may not achieve its objective.

Risk Factors

The Short-Term Bond Fund is primarily subject to the risks mentioned below.

- Bank Obligations
- Cash Management And Defensive Investing
- Credit
- Derivatives
- Distressed or Defaulted Securities
- Expenses
- Extension
- Fixed-Income Securities
- High-Yield Debt Securities
- Interest Rate
- Liquidity
- Manager
- Market
- Mortgage-Related and Asset-Backed Securities
- Non-U.S. Investments
- Portfolio Selection
- Prepayment or Call
- REITs
- U.S. Government Agency Obligations
- Valuation
- Yield

**AEGON Global Funds – AEGON
Small Cap Core Fund (the “Small
Cap Core Fund”)**

Investment Policy

Under normal circumstances, the sub-adviser seeks to achieve the Small Cap Core Fund’s investment objective by primarily investing in stocks of U.S. exchange-traded companies with small market capitalizations which, in the opinion of the sub-adviser, present an opportunity for significant increases in value, without consideration for current income. Under normal circumstances, the Small Cap Core Fund invests at least 80% of its net assets in equity securities of companies with small market capitalizations (or small-cap companies) and other investments with similar economic characteristics. The sub-adviser considers small-cap companies to be companies with market capitalizations that, at the time of initial purchase, are within the general range of capitalization of the companies that are included in the Russell 2000® Index over time. As of 31 December 2013, the market capitalizations of companies in the Russell 2000® Index ranged from USD 30 million to USD 5.3 billion. Over time, the capitalizations of the companies in the Russell 2000® Index will change. As they do, the size of the companies in which the Small Cap Core Fund invests may change.

The Small Cap Core Fund may invest in ADRs and/or non-U.S. securities trading on U.S. exchanges, which generally stay under 10% of the Small Cap Core Fund’s assets. The Small Cap Core Fund will not trade securities on a non-U.S. exchange. Investment in derivatives, futures and swaps are not permitted.

The Small Cap Core Fund may also invest its assets in cash, cash equivalent securities or short-term debt securities, repurchase agreements and Money Market Instruments.

The sub-adviser employs a fully invested strategy. Therefore, under normal market conditions, cash and cash equivalents are generally less than 5% of the net assets of the Small Cap Core Fund. Under adverse or unstable market, economic or political conditions, the Small Cap Core Fund may take temporary defensive positions in cash and short-term debt securities. During periods of defensive investing, the Small Cap Core Fund may not achieve its objective.

Risk Factors

The Small Cap Core Fund is primarily subject to the risks mentioned below.

- Active Trading
- Cash Management and Defensive Investing
- Depositary Receipts
- Equity Securities
- Expenses
- Growth Stocks
- Manager
- Market
- Non-U.S. Investments
- Portfolio Selection
- Small and Medium Capitalization Companies
- Value Investing

**AEGON Global Funds – AEGON
Tactical Income Fund (the
“Tactical Income Fund”)**

Investment Policy

Under normal circumstances, the sub-adviser seeks to achieve the Tactical Income Fund’s investment objective by primarily investing in a combination of underlying ETFs. Up to 30% of the Tactical Income Fund’s assets may be invested in ETFs that qualify as Other UCIs. The sub-adviser will seek to hedge against the Reference Currency the assets of the Tactical Income Fund that are not denominated in the Reference Currency. There can be no guarantee that the sub-adviser will be successful in doing so.

The sub-adviser seeks to achieve the Tactical Income Fund’s investment objective by utilizing a tactical and strategic asset allocation process. Tactical management of the Tactical Income Fund primarily involves active allocation by over-weighting or under-weighting major asset classes by investing in ETFs that invest primarily in those asset classes. The sub-adviser’s strategic asset allocation management involves seeking to identify and select the best asset classes and investing in ETFs that invest primarily in those asset classes. Major asset classes include fixed income securities, real estate securities and dividend paying stocks. The sub-adviser attempts to invest the Tactical Income Fund’s assets during productive markets and to exit or stay out of markets that are displaying unproductive risk trends.

Under normal circumstances, the Tactical Income Fund’s equity allocation will generally vary between 20% and 35% of its net assets. The equity allocation may involve any combination of U.S. and non-U.S. ETFs, consisting of any mixture of large, medium and small-cap styles and pursuing growth or value strategies. The Tactical Income Fund’s allocation to high yield (commonly known as “junk bonds”) and emerging market fixed income asset classes will generally vary between 30% and 55% of its net assets. The Tactical Income Fund’s allocation to other bond ETFs will generally vary between 10% and 50% of its net assets (which may include U.S. and non-U.S. government and corporate bonds). The sub-adviser may also invest in ETFs (including leveraged, inverse and inverse leveraged ETFs) that use derivatives to achieve or amplify the return (or the inverse of the return) of an underlying index or benchmark, but the Tactical Income Fund’s investments in leveraged, inverse and inverse leveraged ETFs will be limited to 3% of the Tactical Income Fund’s net assets.

The sub-adviser utilizes a tactical asset allocation strategy, which makes short-term adjustments to the Tactical Income Fund’s asset mix utilizing the sub-adviser’s research on various risk and return factors, in an effort to better trade off risk and return as market and economic conditions change. Short-term adjustments are generally weekly adjustments to the Tactical Income Fund’s investment mix based on a tactical investment process which assesses various economic and market indicators. The approach seeks to generate improved returns per unit of volatility, as compared to those from fixed weight or rules-based models. Further, the sub-adviser believes that a greater focus on short-term dynamics can improve the distribution of returns through lower volatility and reduction of “economic tail risk” (the risk posed by business cycle shifts that are relatively rare but can have substantial impact on the

return of the Tactical Income Fund).

The sub-adviser actively and tactically rotates the Tactical Income Fund's assets among various asset classes in an effort to take advantage of changing economic conditions that the sub-adviser believes favor one asset class over another. Based on the analysis of various economic indicators, the sub-adviser will increase the allocation to the asset classes that the sub-adviser believes have a higher probability of contributing to the outperformance relative to the Tactical Income Fund's benchmark. Tactical strategies tend to have higher turnover than index funds or strategic funds that adhere to a long term allocation.

At its discretion, the sub-adviser may periodically adjust the Tactical Income Fund's allocations to favor investments in those underlying ETFs that are expected to provide the most favorable outlook for achieving the Tactical Income Fund's investment objective.

Each underlying ETF has its own investment objective, principal investment strategies and investment risks. It is not possible to predict the extent to which the Tactical Income Fund will be invested in a particular underlying ETF at any time. The Tactical Income Fund may be a significant shareholder in certain underlying ETFs, provided that the Tactical Income Fund may not acquire more than 25% of the shares of any single underlying ETF.

Under adverse or unstable market, economic or political conditions, the Tactical Income Fund may take temporary defensive positions directly, or through ETFs, in cash and short-term debt securities. During periods of defensive investing, the Tactical Income Fund may not achieve its objective.

Risk Factors

The Tactical Income Fund is primarily subject to the risks mentioned below.

- Active Trading
- Asset Allocation
- Cash Management And Defensive Investing
- Credit
- Currency
- Derivatives
- Emerging Markets
- Equity Securities
- Expenses
- Extension
- Fee Structure
- Fixed-Income Securities
- High-Yield Debt Securities
- Interest Rate
- Manager
- Market
- Non-U.S. Investments
- Prepayment or Call
- Real Estate Securities
- REITs

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| | <ul style="list-style-type: none"> • Small and Medium Capitalization Companies • Tactical Asset Allocation • Underlying ETFs |
| <u>AEGON Global Funds – AEGON Tactical Rotation Fund (the “Tactical Rotation Fund”)</u> | <p><u>Investment Policy</u></p> <p>Under normal circumstances, the sub-adviser seeks to achieve the Tactical Rotation Fund’s investment objective by primarily investing in a combination of underlying ETFs. Up to 30% of the Tactical Rotation Fund’s assets may be invested in ETFs that qualify as Other UCIs. The sub-adviser will seek to hedge against the Reference Currency the assets of the Tactical Rotation Fund that are not denominated in the Reference Currency. There can be no guarantee that the sub-adviser will be successful in doing so.</p> <p>The Tactical Rotation Fund may invest in ETFs that invest in companies of any capitalization. The Tactical Rotation Fund’s allocation of assets will generally vary as follows: 20% to 100% in global equities, including emerging and frontier markets; and 0% to 80% in short duration, investment grade fixed income securities, inflation-protected securities and/or cash.</p> <p>The sub-adviser utilizes a tactical asset allocation strategy, which makes short-term adjustments to the Tactical Rotation Fund’s asset mix utilizing the sub-adviser’s research on various risk and return factors, in an effort to better trade off risk and return as market and economic conditions change. Short-term adjustments are generally weekly adjustments to the Tactical Rotation Fund’s investment mix based on a tactical investment process which assesses various economic and market indicators. The approach seeks to generate improved returns per unit of volatility, as compared to those from fixed weight or rules-based models. Further, the sub-adviser believes that a greater focus on short-term dynamics can improve the distribution of returns through lower volatility and reduction of economic tail risk” (the risk posed by business cycle shifts that are relatively rare but can have substantial impact on the return of the Tactical Rotation Fund).</p> <p>The sub-adviser actively and tactically rotates the Tactical Rotation Fund’s assets among various asset classes in an effort to take advantage of changing economic conditions that the sub-adviser believes favor one asset class over another. Based on the analysis of various economic indicators, the sub-adviser will increase the allocation to the asset classes that the sub-adviser believes have a higher probability of contributing to the outperformance of the Tactical Rotation Fund’s benchmark. Tactical strategies tend to have higher turnover than index funds or strategic funds that adhere to a long term allocation.</p> <p>At its discretion, the sub-adviser may periodically adjust the Tactical Rotation Fund’s allocations to favor investments in those underlying ETFs that are expected to provide the most favorable outlook for achieving the Tactical Rotation Fund’s investment objective.</p> <p>The Tactical Rotation Fund may invest in companies of any capitalization. The Tactical Rotation Fund generally expects that the dollar-weighted average duration of its fixed income securities will normally be less than three (3) years. The</p> |

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| | <p>Tactical Rotation Fund's benchmark is the FTSE All-World Index.</p> <p>Each underlying ETF has its own investment objective, principal investment strategies and investment risks. It is not possible to predict the extent to which the Tactical Rotation Fund will be invested in a particular underlying ETF at any time. The Tactical Rotation Fund may be a significant shareholder in certain underlying ETFs, provided that the Tactical Rotation Fund may not acquire more than 25% of the shares of any single underlying ETF.</p> <p>Under adverse or unstable market, economic or political conditions, the Tactical Rotation Fund may take temporary defensive positions directly, or through ETFs, in cash and short-term debt securities. During periods of defensive investing, the Tactical Rotation Fund may not achieve its objective.</p> <p><u>Risk Factors</u></p> <p>The Tactical Rotation Fund is primarily subject to the risks mentioned below.</p> <ul style="list-style-type: none"> • Active Trading • Asset Allocation • Cash Management And Defensive Investing • Credit • Currency • Emerging Markets • Equity Securities • Expenses • Extension • Fee Structure • Fixed-Income Securities • Frontier Markets • Inflation-Protected Securities • Interest Rate • Manager • Market • Non-U.S. Investments • Portfolio Selection • Prepayment or Call • Small and Medium Capitalization Companies • Tactical Asset Allocation • Underlying ETFs |
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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.
- **Aggressive Investment** – Certain Funds' investment strategies, techniques and/or portfolio investments differ from those of many other mutual funds and may be considered aggressive. This approach to investing may expose the Fund to additional risks, make the fund a more volatile

investment than other mutual funds and cause the Fund to perform less favorably than other mutual funds under similar market or economic conditions.

- **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** – The value of investments held by a Fund for cash management or defensive investing purposes can fluctuate. Like other fixed income securities, cash and cash equivalent securities 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 may not to achieve its objective.
- **CFTC Regulation** - The Investment Adviser has registered as a “commodity pool operator” under the Commodity Exchange Act with respect to its service as investment adviser to certain Funds. The Investment Adviser is therefore subject to dual regulation by the SEC and the Commodity Futures Trading Commission (“CFTC”), and is a member of the National Futures Association and is also subject to its rules. Due to recent regulatory changes, additional regulatory requirements have been imposed and additional compliance and other expenses may be incurred.
- **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.
- **Conflicts of Interest** – The Adviser and its affiliates are engaged in a variety of businesses and have interests other than that of managing the Funds. The broad range of activities and interests of the Adviser and its affiliates gives rise to actual, potential and perceived conflicts of interest that could affect the Funds and their shareholders.

The performance of certain Funds may impact the financial exposure of the Transamerica insurance companies under guarantees that those companies provide as issuers of variable insurance contracts. The Adviser’s investment decisions and the design of Funds may be influenced by this. For example, a Fund being managed or designed in a more conservative fashion may help reduce the risk to the Transamerica insurance companies that provide guaranteed benefits under variable insurance contracts and facilitate the provision of those guaranteed benefits.

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, and is subject to conflicts of interest in allocating the funds of funds’ assets among the underlying funds. The Adviser will receive more revenue to the extent it selects an affiliated fund rather than an unaffiliated fund for inclusion in a fund of funds. In addition, the Adviser may have an incentive to allocate the fund of fund’s assets to those underlying funds for which the net advisory fees payable to the Adviser are higher than the fees payable by other underlying funds or to those underlying funds for which an affiliate of the Adviser serves as the sub-adviser.

The Adviser may have a financial incentive to implement certain changes to the Funds. The Adviser may, from time to time, recommend a change in sub-adviser or a fund combination. The Adviser 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 net advisory fee payable to the Adviser and/or that is sub-advised by an affiliate of the Adviser. The Adviser will also benefit to the extent that it replaces a sub-adviser with a new sub-adviser with a lower sub-advisory fee.

- **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. Below investment grade, high-yield debt securities (commonly known as “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.
- **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 conversion costs and currency fluctuations could reduce or eliminate investment gains or add to investment losses. 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 derivatives 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. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. The U.S. government is in the process of adopting and implementing regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin and reporting requirements. The ultimate impact of the regulations remains unclear. Additional regulation of derivatives may make them more costly, may limit their availability, may disrupt markets 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 investments risks. These risks are greater for investments in issuers in emerging market countries. Emerging market countries tend to have economic, political and legal systems that are less fully developed and are less stable than those of more developed countries. Low trading volumes may result in a lack of liquidity and in extreme price volatility.
- **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 condition 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.
- **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.
- **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 Investments** – Investing in securities of foreign issuers or issuers with significant exposure to foreign markets involves additional risk. Foreign countries may have markets that are less liquid, less regulated and more volatile than U.S. markets. The value of the fund's investments may decline because of factors affecting the particular issuer as well as foreign markets and issuers generally, such as unfavorable government actions, political or financial instability or other adverse economic or political developments. Lack of information and weaker accounting standards 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 in the United States recently have been historically low and are expected to rise. The value of fixed income securities generally goes down when interest rates rise, and therefore the value of your investment in the Fund may also go down. Debt securities have varying levels of sensitivity to changes in interest rates. A rise in rates tends to have a greater impact on the prices of longer term or duration securities.
- **Liquidity** – Some assets held by the Funds may be impossible or difficult to sell, particularly during times of market turmoil. These illiquid assets 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. Junior loans, which have a lower place in the borrower's capital structure than senior loans and may be unsecured, involve a higher degree of overall risk than senior loans of the same borrower. 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 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.
- **Master Limited Partnerships** – Investments in MLPs involve risks that differ from investments in corporate issuers, including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks, certain tax risks, and risks related to the general partner's right to require unitholders to sell their common units at an undesirable time or price. MLP entities are typically focused in the energy, natural resources and real estate sectors of the

economy. A downturn in the energy, natural resources or real estate sectors of the economy could have an adverse impact on the Fund. At times, the performance of securities of companies in the energy, natural resources and real estate sectors of the economy may lag the performance of other sectors or the broader market as a whole. The yields for equity and debt securities of MLPs and other issuers in the energy sector are susceptible in the short-term to fluctuations in interest rates and the value of the Fund's investments in such securities may decline if interest rates rise. The value of the Fund's investment in MLPs depends to a significant extent on the MLPs being treated as partnerships for U.S. federal income tax purposes. If an MLP does not meet the legal requirements to maintain partnership status, it could be taxed as a corporation and there could be a material decrease in the value of its securities.

- **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 global financial crisis that began in 2008 has caused a significant decline in the value and liquidity of many securities and unprecedented volatility in the markets. Governmental and non-governmental issuers (notably in Europe) have defaulted on, or been forced to restructure their debts; and many other issuers have faced difficulties obtaining credit or refinancing existing obligations. These market conditions may continue, worsen or spread, including in the United States, Europe and elsewhere. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In response to the crisis, the U.S. government and the Federal Reserve, as well as certain foreign governments and their central banks have taken steps to support financial markets, including by keeping interest rates low. More recently, the Federal Reserve has reduced its market support activities. Further reduction or withdrawal of this support, failure of efforts in response to the crisis, or investor perception that such efforts are not succeeding could negatively affect financial markets generally and increase market volatility as well as reduce the value and liquidity of certain securities. This environment could make identifying investment risks and opportunities especially difficult for the sub-adviser. Whether or not the fund invests in securities of issuers located in or with significant exposure to countries experiencing economic and financial difficulties, the value and liquidity of the Fund's investments may be negatively affected. In addition, policy and legislative changes in the United States and in other countries are affecting many aspects of financial regulation. The impact of these changes 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** – Under a repurchase agreement, the seller agrees to repurchase a security at a mutually agreed-upon time and price. 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** – Investing in small capitalization companies involves greater risk than is customarily associated with more established companies. 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. Small capitalization companies often have limited product lines, markets, or financial resources and their management may lack depth and experience. Such companies usually do not pay significant dividends that could cushion returns in a falling market.

- **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 |
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| <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> |

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| Transamerica Partners Core Bond – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners Core Bond Portfolio | 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. |
| Transamerica Partners High Yield Bond – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners High Yield Bond Portfolio | 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. |

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

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| Transamerica Partners Large Value – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners Large Value Portfolio | 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. |
| Transamerica Partners Large Core – Collective Trust Fund <u>Underlying Portfolio:</u> Transamerica Partners Large Core Portfolio | 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. |

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| 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

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| 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. |
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| 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 | 89.8% | 10% | 0.2% |
| Short/Intermediate Horizon | 69.8% | 30% | 0.2% |
| Intermediate Horizon | 49.8% | 50% | 0.2% |
| Intermediate/Long Horizon | 29.8% | 70% | 0.2% |
| Long Horizon | 9.8% | 90% | 0.2% |

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

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| 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</p> |

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| <p><u>Underlying Portfolio:</u></p> <p>Transamerica Partners Inflation-Protected Securities Portfolio</p> | <p>normal circumstances, the Portfolio invests at least 80% of its net 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 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.
- **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. Banks are highly regulated. Decisions by regulators may limit the loans banks make and the interest rates and fees they charge, and may reduce bank profitability.
- **Cash Management and Defensive Investing** – The value of investments held by a Portfolio for cash management or defensive investing purposes can fluctuate. Like other fixed income securities, cash and cash equivalent securities are subject to risk, including market, interest rate and credit risk. If the Portfolio holds cash uninvested, the Portfolio will be subject to the credit risk of the depository institution holding the cash, it will not earn income on the cash and the Portfolio's yield will go down. To the extent that the Portfolio's assets are used for cash management or defensive investing purposes, it may not achieve its objective.
- **Convertible Securities** – Convertible securities share investment characteristics of both fixed income and equity securities. However, the value of these securities tends to vary more with fluctuations in the value of the underlying common stock than with fluctuations in interest rates. The value of convertible securities also tends to exhibit lower volatility than the underlying common stock. 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 is perceived to be less creditworthy, or if the credit quality or value of the any underlying assets declines, the value of your investment will decline. Below investment grade, high-yield debt securities (commonly known as “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.
- **Currency** – The value of a Portfolio securities denominated in foreign currencies fluctuates as the rates of exchange between those currencies and the U.S. dollar change. Currency conversion costs and currency fluctuations could reduce or eliminate investment gains or add to investment losses. 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 Portfolio to additional risks and can increase portfolio losses and reduce opportunities for gains when market prices, interest rates or the derivatives themselves behave in a way not anticipated by a Portfolio. Using derivatives also can have a leveraging effect and increase portfolio volatility. A Portfolio 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 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. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. The U.S. government is in the process of adopting and implementing regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin and reporting requirements. The ultimate impact of the regulations remains unclear. Additional regulation of derivatives may make them more costly, may limit their availability, may disrupt markets 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 investments risks. These risks are greater for investments in issuers in emerging market countries. Emerging market countries tend to have economic, political and legal systems that are less fully developed and are less stable than those of

more developed 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 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.
- **Foreign Investments** – Investing in securities of foreign issuers or issuers with significant exposure to foreign markets involve risk. Foreign countries may have markets that are less liquid, less regulated and more volatile than U.S. markets. The value of a Portfolio's investments may decline because of factors affecting the particular issuer as well as foreign markets and issuers generally, such as unfavorable government actions, political or financial instability or other adverse economic or political developments. Lack of information and weaker accounting standards 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.
- **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** – Interest rates in the United States recently have been historically low and are expected to rise. The value of fixed income securities generally goes down when interest rates rise, and therefore the value of your investment in the Portfolio may also go down. Debt securities have varying levels of sensitivity to changes in interest rates. A rise in rates tends to have a greater impact on the prices of longer term or duration securities.
- **Liquidity** – Some assets held by a Portfolio may be impossible or difficult to sell, particularly during times of market turmoil. These illiquid assets 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. Junior loans, which have a lower place in the borrower's capital structure than senior loans and may be unsecured,

involve a higher degree of overall risk than senior loans of the same borrower. 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 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. A Portfolio may experience a substantial or complete loss on any individual security. The global financial crisis that began in 2008 has caused a significant decline in the value and liquidity of many securities and unprecedented volatility in the markets. Governmental and non-governmental issuers (notably in Europe) have defaulted on, or been forced to restructure their debts; and many other issuers have faced difficulties obtaining credit or refinancing existing obligations. These market conditions may continue, worsen or spread, including in the United States, Europe and elsewhere. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In response to the crisis, the U.S. government and the Federal Reserve, as well as certain foreign governments and their central banks have taken steps to support financial markets, including by keeping interest rates low. More recently, the Federal Reserve has reduced its market support activities. Further reduction or withdrawal of this support, failure of efforts in response to the crisis, or investor perception that such efforts are not succeeding could negatively affect financial markets generally and increase market volatility as well as reduce the value and liquidity of certain securities. This environment could make identifying investment risks and opportunities especially difficult for the sub-adviser. Whether or not the Portfolio invests in securities of issuers located in or with significant exposure to countries experiencing economic and financial difficulties, the value and liquidity of the Portfolio's investments may be negatively affected. In addition, policy and legislative changes in the United States and in other countries are affecting many aspects of financial regulation. The impact of these changes 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, the

Portfolio 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.

- **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 value of your investment may decrease if the Portfolio's 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.
- **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** – Investing in real estate investment trusts ("REITs") involves unique risks. When a Portfolio 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 Portfolio 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 Portfolio.
- **Securities Lending** – A Portfolio may lend securities to other financial institutions that provide cash or other securities as collateral. When a Portfolio lends securities, its investment performance will continue to reflect changes in the value of the securities loaned, and the Portfolio will also receive a fee or interest on the 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 and Medium Capitalization Companies** – A Portfolio will be exposed to additional risks as a result of its investments in the securities of small or medium capitalization companies. Small or medium capitalization companies may be more at risk than large capitalization 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. The prices of securities of small and medium capitalization companies generally are more volatile than those of large capitalization companies and are more likely to be adversely affected than large capitalization companies by changes in earnings results and investor expectations or poor economic or market conditions. Securities of small and medium capitalization companies may underperform large capitalization companies, may be harder to sell at times and at prices the portfolio managers believe appropriate and may offer greater potential for losses.

- **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.

Investment Scorecard Program

The Adviser furnishes investment advice to an affiliated recordkeeper. The Adviser screens a limited universe of mutual funds and other investment options for the affiliated recordkeeper using a combination of quantitative and/or qualitative analysis. The screening process relies on various mutual fund databases and other third party sources.

The screening process is a combination of quantitative and/or qualitative analysis. The quantitative screen examines trailing performance periods, consistency of performance, risk or volatility, expenses, style/market cap consistency, and manager tenure. The qualitative review generally 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 process is completed, the investment team regularly monitors the funds that it has reported on to the affiliated recordkeeper. The investment team typically meets on a weekly basis to discuss any mutual fund or investment option developments and review performance. This information, along with the other sources, is provided to the affiliated recordkeeper.

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.

Model Manager Program

The Adviser creates and revises the Asset Allocation Models for the Model Manager Program. The Adviser is responsible for evaluating investment options in a platform offered by TFA and selecting the funds and applicable allocation of assets for each Asset Allocation Model. In determining which funds will be included in each Asset Allocation Model, the Adviser uses a variety of tools and information sources, including direct contacts with the investment firms. Investment decisions for each Asset Allocation 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 Asset Allocation Model is re-evaluated monthly. TFA is notified of any changes in the composition of their Asset Allocation Models and is given the opportunity to reject the proposed changes.

Program participants 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 Asset Allocation Model 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 Asset Allocation 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 program participant participating in an Asset Allocation Model will not lose money or that investment results will not experience volatility. Investment performance could be better or worse by participating in an Asset Allocation Model than if the program participant had not

participated and had chosen one or more other investment options. Asset Allocation Model performance is dependent upon the performance of the component funds selected for the Asset Allocation Model. An Asset Allocation Model may not perform as intended. Although the Asset Allocation 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 Asset Allocation Models are based, which could cause the Asset Allocation Models to be ineffective or less effective in reducing volatility. Periodic updating of the Asset Allocation 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 Asset Allocation 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, TPF, TPFII, TPP, TAAVF and AEGON Global Funds. It also serves as investment adviser to the Transamerica Asset Management, Inc. Collective Investment Trust. The Adviser is registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") with respect to its service as investment adviser to certain Funds (along with their respective Subsidiaries).

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. TFS has outsourced the provision of certain transfer agency services to Boston Financial Data Services, 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.

Transamerica Retirement Solutions Corporation, an affiliate, provides recordkeeping and other administrative services for retirement plans, such as 401(k) plans, sponsored by small U.S. employers.

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

AUIM, Transamerica Retirement Advisors, Inc., Transamerica Financial Advisors, Inc., 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 Financial Life Insurance Company, Transamerica Advisors Life Insurance Company, Transamerica Advisors Life Insurance Company of New York and Monumental 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 may receive compensation based on the performance of certain 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 Compensation” 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, Models and/or Asset Allocation Models (the Models and Asset Allocation Models, collectively, for purposes of this section, the “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 and the design of the Funds and Models may be influenced by these factors. For example, the Funds or the Models being managed or designed in a more conservative fashion may help reduce potential losses and/or mitigate financial risks to the Transamerica insurance companies that provide the guarantees, and facilitate the provision of those guaranteed benefits, including by making more predictable the costs of the guarantees and by reducing the capital needed to provide them. 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, including certain of the Funds, and the Adviser is subject to conflicts of interest in allocating the funds of fund's assets among the underlying funds. Certain of the funds of funds are underlying investment options for Transamerica insurance products. The 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 provide an incentive for the Adviser to include affiliated Funds as investment options for funds of funds and to cause investments by funds of funds in affiliated perform less well than unaffiliated 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. Such payments are generally made in exchange for distribution services provided to the fund of funds, but may also be compensation for services provided to investors. In addition, the Adviser may have an incentive to allocate the fund of fund's assets to those underlying funds for which the net advisory fees payable to the Adviser are higher than the fees payable by other underlying funds or to those underlying funds for which an affiliate of the Adviser serves as the sub-adviser.

The Adviser may have a financial incentive to implement 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 net advisory fee payable to the Adviser and/or that is sub-advised by an affiliate of the Adviser. The Adviser will also benefit to the extent that it replaces 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 as required by law, which is designed to prevent affiliated persons of the Adviser from engaging in deceptive, manipulative, or fraudulent activities in connection with securities held or to be acquired by the Funds (which may also be held by persons subject to a code of ethics). There can be no assurance that the codes of ethics will be effective in preventing such activities.

Pursuant to Rule 17j-1 under the 1940 Act, the Adviser has adopted a code of ethics that permits its personnel to invest in securities for their own accounts, including securities that may be purchased or held by a Fund. All personnel must place the interests of clients first, must not act upon non-public information, must not take inappropriate advantage of their positions, and are required to fulfill their fiduciary obligations. All personal securities transactions by employees must adhere to the requirements of the codes of ethics and must be conducted in such a manner as to avoid any actual or potential conflict of interest, the appearance of such a conflict, or the abuse of an employee's position of trust and responsibility.

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 to obtain "best execution" (prompt and reliable execution at the most favorable price). Notwithstanding the foregoing, the Adviser generally 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 (other than those asset allocation which are managed directly by the Adviser). Each sub-adviser is also subject to oversight by the directors/trustees of the applicable Fund. The Adviser does engage in futures trading in certain of the asset allocation funds.

The various sub-advisers to the Funds supervise the related securities transactions and are responsible for determining what securities will be purchased and sold for the Funds they sub-advise 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.

Model Manager Program

The underlying funds in the Model Manager Program 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

Each of the Transamerica Asset Allocation Funds of Transamerica Partners Funds Group and Transamerica Partners Funds Group II (the "SAF Funds") was designed to address a particular segment of the risk/reward spectrum and is strategic and long-term in nature. The Adviser chooses the underlying funds and weights to match the objectives of each SAF Fund. Within the broad equity and fixed-income categories, funds are included in an attempt to achieve an optimal balance between risk and return potential, with the goal of providing a diversified portfolio of investments. With regard to equities, exposures to investment style (value vs. growth), capitalization (small vs. large) and regions (domestic vs. foreign) are considered, while for fixed-income, sectors (high yield vs. high quality) and maturity (short-term vs. intermediate term) are considered, among other factors. Exposures are evaluated relative to benchmarks, common asset allocation practice, and long-term return and risk expectations.

On a weekly basis, the Adviser meets to discuss market developments and review current allocations and performance attribution with respect to broad asset class and underlying fund exposures. This provides an opportunity to discuss the SAF Funds' long-term strategic targets and fund weights as well, although changes are not expected to be frequent by design.

When acting as a manager of managers, the Adviser provides advisory services that include, without limitation, the design and development of each Fund and UCIT Sub-Fund, and its investment strategy and the ongoing review and evaluation of that investment strategy including recommending changes in

strategy where it believes appropriate or advisable; the selection of one or more sub-advisers for each Fund employing a combination of quantitative and qualitative screens, research, analysis and due diligence; oversight and monitoring of sub-advisers and recommending changes to sub-advisers where it believes appropriate or advisable; recommending fund combinations and liquidations where it believes appropriate or advisable; regular supervision of the Funds' investments; regular review of sub-adviser performance and holdings; ongoing trade oversight and analysis; regular monitoring to ensure adherence to investment process; risk management oversight and analysis; design, development, implementation and regular monitoring of the valuation process; design, development, implementation and regular monitoring of the compliance process; review of proxies voted by sub-advisers; oversight of preparation, and review, of materials for meetings of the Funds' Board of Directors/Trustees, participation in these meetings and preparation of regular communications with the Board; oversight of preparation, and review, of prospectuses, shareholder reports and other disclosure materials and regulatory filings for the Funds; oversight of other service providers to the Funds, such as the custodian, the transfer agent, the Funds' independent accounting firm and legal counsel; supervision of the performance of recordkeeping and shareholder relations functions for the Funds; and ongoing cash management services. TAM uses a variety of quantitative and qualitative tools to carry out its investment advisory services.

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.

Model Manager Program

On a monthly basis, the Adviser reviews the Asset Allocation Models and may adjust the composition of each Asset Allocation Model.

Client Referrals and Other Compensation

TAM Funds

As discussed under "Fees and Compensation" 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 Compensation" 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 Compensation” 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 Compensation” that describes the Adviser’s revenue sharing arrangements.

Model Manager Program

As discussed under “Fees and Compensation” above, for its services to the Model Manager Program, the Adviser receives compensation from TFA of 0.20% (on an annualized basis) for those assets in the Dual Alpha I-Series accounts invested in accordance with the Asset Allocation Model Portfolios, based on the market value of the assets in the specific Dual Alpha I-Series accounts.

Investment Scorecard Program

As discussed under “Fees and Compensation” above, the Adviser receives compensation from TRSC of \$200,000 annually for its services in the Investment Scorecard Program.

Custody

TAM Funds

The Funds’ (except AEGON Global 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.

AEGON Global Funds (UCITs)

Citibank International plc (Luxembourg Branch) serves as custodian, paying agent, administrator, domiciliary, and registrar and transfer agent of AEGON Global Funds. These custodial arrangements are subject to regulation under the Luxembourg law of 17 December 2010 on undertakings for collective investments. The custodian’s responsibilities include safeguarding and controlling each Sub-Fund’s cash and securities, handling the receipt and delivery of securities, determining income and collecting interest on each Sub-Fund’s investments, monitoring daily compliance of each Sub-Fund, maintaining books of original entry for portfolio and Sub-Fund accounting and other required books and accounts, and calculating the daily net asset value of shares of each Sub-Fund.

Collective Trust

Transamerica Retirement Solutions Corporation, at the direction of TFS, 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.