



PART 2A of Form ADV – Brochure

September 22, 2017

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This brochure provides information about the qualifications and business practices of Transamerica Asset Management, Inc. (“TAM”). 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 TAM also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration does not imply a certain level of skill or training.

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

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Material Changes

The following material changes have occurred since the last annual update of the Brochure dated March 30, 2017:

- We have updated Item 9 to disclose information about an ongoing formal investigation by the Securities and Exchange Commission's Division of Enforcement that may lead to legal proceedings against Transamerica Asset Management, Inc. ("TAM") and/or other affiliated service providers. The investigation relates to errors in the operation and/or implementation of an asset allocation model utilized by a TAM affiliate, Aegon USA Investment Management, LLC ("AUIM") when it served as sub-adviser to certain Transamerica tactical funds. The investigation also relates to the operation and/or implementation of an asset allocation model and volatility guidelines utilized by AUIM when it served as sub-adviser to certain Transamerica asset allocation funds. Further, the investigation also concerns whether appropriate disclosures were made regarding these matters.

The following material changes have occurred since the last annual update of the Brochure dated March 30, 2016:

- The Board of Trustees of each of Transamerica Partners Funds Group ("TPFG"), Transamerica Partners Funds Group II ("TPFG II") and Transamerica Partners Portfolios ("TPP") approved the reorganization of each series of TPFG, TPFG II and TPP (the "**Target Funds**") into certain share classes of new or existing series of Transamerica Funds ("TF") (the "**Destination Funds**"). The reorganizations of the Target Funds into the share classes of the Destination Funds are as follows:

Group	Target Fund	Destination Fund and Share Classes
1		
	Transamerica Asset Allocation - Intermediate Horizon	Transamerica Asset Allocation Intermediate Horizon Class R
	Transamerica Institutional Asset Allocation - Intermediate Horizon	Transamerica Asset Allocation Intermediate Horizon Class R4
	Transamerica Asset Allocation – Short/Intermediate Horizon	Transamerica Asset Allocation Intermediate Horizon Class R
	Transamerica Institutional Asset Allocation – Short/Intermediate Horizon	Transamerica Asset Allocation Intermediate Horizon Class R4
2		
	Transamerica Asset Allocation - Long Horizon	Transamerica Asset Allocation Long Horizon Class R
	Transamerica Institutional Asset Allocation - Long Horizon	Transamerica Asset Allocation Long Horizon Class R4
	Transamerica Asset Allocation – Intermediate/Long Horizon	Transamerica Asset Allocation Long Horizon Class R
	Transamerica Institutional Asset Allocation – Intermediate/Long Horizon	Transamerica Asset Allocation Long Horizon Class R4
3		
	Transamerica Asset Allocation – Short Horizon	Transamerica Asset Allocation Short Horizon Class R
	Transamerica Institutional Asset Allocation - Short Horizon	Transamerica Asset Allocation Short Horizon Class R4
4		
	Transamerica Partners Balanced	Transamerica Balanced II Class R
	Transamerica Partners Institutional Balanced	Transamerica Balanced II Class R4
	Transamerica Partners Balanced Portfolio	Transamerica Balanced II Class I3
5		
	Transamerica Partners Government Money Market	Transamerica Government Money Market Class R

Group	Target Fund	Destination Fund and Share Classes
	Transamerica Partners Institutional Government Money Market	Transamerica Government Money Market Class R4
	Transamerica Partners Government Money Market Portfolio	Transamerica Government Money Market Class I3
6		
	Transamerica Partners High Quality Bond	Transamerica High Quality Bond Class R
	Transamerica Partners Institutional High Quality Bond	Transamerica High Quality Bond Class R4
	Transamerica Partners High Quality Bond Portfolio	Transamerica High Quality Bond Class I3
7		
	Transamerica Partners High Yield Bond	Transamerica High Yield Bond Class R
	Transamerica Partners Institutional High Yield Bond	Transamerica High Yield Bond Class R4
	Transamerica Partners High Yield Bond Portfolio	Transamerica High Yield Bond Class I3
8		
	Transamerica Partners Inflation-Protected Securities	Transamerica Inflation-Protected Securities Class R
	Transamerica Partners Institutional Inflation-Protected Securities	Transamerica Inflation-Protected Securities Class R4
	Transamerica Partners Inflation-Protected Securities Portfolio	Transamerica Inflation-Protected Securities Class I3
9		
	Transamerica Partners Core Bond	Transamerica Intermediate Bond Class R
	Transamerica Partners Institutional Core Bond	Transamerica Intermediate Bond Class R4
	Transamerica Partners Core Bond Portfolio	Transamerica Intermediate Bond Class I3
10		
	Transamerica Partners International Equity	Transamerica International Equity Class R
	Transamerica Partners Institutional International Equity	Transamerica International Equity Class R4
	Transamerica Partners International Equity Portfolio	Transamerica International Equity Class I3
11		
	Transamerica Partners Large Core	Transamerica Large Core Class R
	Transamerica Partners Institutional Large Core	Transamerica Large Core Class R4
	Transamerica Partners Large Core Portfolio	Transamerica Large Core Class I3
12		
	Transamerica Partners Large Growth	Transamerica Large Growth Class R
	Transamerica Partners Institutional Large Growth	Transamerica Large Growth Class R4
	Transamerica Partners Large Growth Portfolio	Transamerica Large Growth Class I3
13		
	Transamerica Partners Large Value	Transamerica Large Value Opportunities Class R
	Transamerica Partners Institutional Large Value	Transamerica Large Value Opportunities

Group	Target Fund	Destination Fund and Share Classes
		Class R4
	Transamerica Partners Large Value Portfolio	Transamerica Large Value Opportunities Class I3
14		
	Transamerica Partners Mid Growth	Transamerica Mid Cap Growth Class R
	Transamerica Partners Institutional Mid Growth	Transamerica Mid Cap Growth Class R4
	Transamerica Partners Mid Growth Portfolio	Transamerica Mid Cap Growth Class I3
15		
	Transamerica Partners Mid Value	Transamerica Mid Cap Value Opportunities Class R
	Transamerica Partners Institutional Mid Value	Transamerica Mid Cap Value Opportunities Class R4
	Transamerica Partners Mid Value Portfolio	Transamerica Mid Cap Value Opportunities Class I3
16		
	Transamerica Partners Small Core	Transamerica Small Cap Core Class R
	Transamerica Partners Institutional Small Core	Transamerica Small Cap Core Class R4
	Transamerica Partners Small Core Portfolio	Transamerica Small Cap Core Class I3
17		
	Transamerica Partners Small Growth	Transamerica Small Cap Growth Class R
	Transamerica Partners Institutional Small Growth	Transamerica Small Cap Growth Class R4
	Transamerica Partners Small Growth Portfolio	Transamerica Small Cap Growth Class I3
18		
	Transamerica Partners Small Value	Transamerica Small Cap Value Class R
	Transamerica Partners Institutional Small Value	Transamerica Small Cap Value Class R4
	Transamerica Partners Small Value Portfolio	Transamerica Small Cap Value Class I3
19		
	Transamerica Partners Stock Index	Transamerica Stock Index Class R
	Transamerica Partners Institutional Stock Index	Transamerica Stock Index Class R4

As of the date hereof, the Group 7, 9, 10, 11, 12, 15, 16 and 17 reorganizations have closed. The remaining reorganizations are scheduled to close in the second quarter of 2017 subject to Target Fund shareholder approval and the satisfaction of certain other closing conditions.

- TAM previously provided investment advisory services to an asset allocation program containing several asset allocation models for use by Transamerica Financial Advisors, Inc. (“TFA”), an affiliated investment adviser, in a platform offered by TFA (the “**Model Manager Program**”). The Model Manager Program was discontinued at the end of 2016 and TAM no longer performs such services.
- Effective April 1, 2017, the asset allocation program (the “**Program**”) provided by TAM for use in certain variable annuity contracts issued by Transamerica Advisors Life Insurance Company (“**TALIC**”) and Transamerica Financial Life Insurance Company (“**TFLIC**”) will be terminated. Accordingly, effective as of the close of business on March 31, 2017, TAM no longer serves as investment adviser for the Program.

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Advisory Business

TAM (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. TAM provides investment management services to investment companies that are registered under the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”), as well as investment advisory services to foreign registered investment companies, an unregistered pooled investment vehicle, and an affiliated recordkeeper.

TAM is directly owned by Transamerica Premier Life Insurance Company (“**TPLIC**”) (77%) and AUSA Holding, LLC (“**AUSA**”) (23%), both of which are indirect, wholly owned subsidiaries of Aegon N.V. TPLIC is wholly owned by Commonwealth General Corporation (“**Commonwealth**”). Commonwealth and AUSA are wholly owned by Transamerica Corporation (DE), a financial services holding company whose primary emphasis is on life and health insurance, and annuity and investment products. Transamerica Corporation (DE) is wholly owned by The Aegon Trust, which is wholly owned by Aegon International B.V., which is wholly owned by Aegon N.V., a Netherlands corporation and a publicly traded international insurance group.

Advisory Services

The Fund Complex

TAM primarily sponsors and provides continuous and regular investment management services to investment companies registered under the 1940 Act in the “**Fund Complex**” consisting of TF, Transamerica Series Trust (“**TST**”), TPF, TPF II, TPP and Transamerica Asset Allocation Variable Funds (“**TAAVF**”) (each a “**Fund**” and collectively, the “**Funds**”). TAM supervises each Fund’s investments, conducts its investment program and provides supervisory, compliance and administrative services to each Fund.

TAM receives fees, computed daily and paid monthly, on the average daily net assets of each Fund.

TAM is responsible for the day-to-day management of certain asset allocation Funds in the Fund Complex. In managing these Funds, TAM selects the combination and amount of the underlying funds and the relative amounts to be invested in each underlying fund based on the objectives and principal strategies of the asset allocation Funds. For each of the other Funds in the Fund Complex, TAM currently acts as a “manager of managers” and hires sub-advisers to furnish day-to-day investment advice and recommendations. When acting as a manager of managers, TAM provides investment management services that include, without limitation, the design and development of each 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; negotiation of sub-advisory agreements and fees; 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; selection and oversight of transition managers, as needed; regular supervision of the Funds’ investments; regular review and evaluation of sub-adviser performance; daily monitoring of the sub-advisers’ buying and selling of securities for the Funds; regular review of holdings; ongoing trade oversight and analysis; regular monitoring to ensure adherence to investment process; regular calls and periodic on-site visits with sub-advisers; portfolio construction and asset allocation when using multiple sub-advisers for a Fund; risk management oversight and analysis; oversight of negotiation of investment documentation and agreements; design, development, implementation and regular monitoring of the valuation process; periodic due diligence reviews of pricing vendors and vendor methodology; design, development, implementation and regular monitoring of the compliance process; respond to regulatory inquiries and determine appropriate litigation strategy, as needed; review of proxies voted by sub-advisers; oversight of preparation, and review, of materials for meetings of the Funds’ Board, 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 oversight of cash management services. TAM uses a variety of quantitative and qualitative tools to carry out its investment management services.

TAM’s investment management services also include the provision of supervisory and administrative services to each series of TF and TST. These services include performing certain administrative services for the Funds and supervising and overseeing the administrative, clerical, recordkeeping and bookkeeping services provided to the Funds by State Street Bank and Trust Company, to whom TAM has outsourced the provision of certain services as described below; to the extent agreed upon by TAM and the Funds from time to time, monitoring and verifying the custodian’s daily calculation of net asset values; shareholder relations functions; compliance services; valuation services; assisting in due diligence and in oversight and monitoring of certain activities

of sub-advisers and certain aspects of Fund investments; assisting with Fund combinations and liquidations; oversight of the preparation and filing, and review, of all returns and reports, in connection with federal, state and local taxes; oversight and review of regulatory reporting; supervising and coordinating the Funds' custodian and dividend disbursing agent and monitoring their services to the Funds; assisting the Funds in preparing reports to shareholders; acting as liaison with the Funds' independent public accountants and providing, upon request, analyses, fiscal year summaries and other audit related services; assisting in the preparation of agendas and supporting documents for and minutes of meetings of the Funds' Board and committees of the Board; assisting in the preparation of regular communications with the Board; and providing personnel and office space, telephones and other office equipment as necessary in order for TAM to perform supervisory and administrative services to the Funds.

TAM also acts as investment manager 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 parent Fund and is sub-advised by the same sub-adviser as the corresponding parent Fund.

UCITS

TAM also serves as the investment adviser to AEGON Global Funds, which includes twelve foreign registered investment companies that are Luxembourg-domiciled UCITS (Undertakings for Collective Investment in Transferable Securities).

Collective Trust

TAM serves as the investment adviser to a privately-offered pooled investment vehicle, Transamerica Asset Management, Inc. Collective Investment Trust ("**Collective Trust**"), organized as a collective investment trust. TAM tenders non-discretionary investment advice to the trustee of the Collective Trust and 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 TAM's recommendations.

Investment Scorecard Program

TAM furnishes investment reviews for an affiliated recordkeeper, Transamerica Retirement Solutions Corporation ("**TRSC**"). TAM reviews the results of quantitative screens performed by TRSC on a limited universe of mutual funds and other investment options for the affiliated recordkeeper using a combination of quantitative and/or qualitative analysis.

Assets under Management

TAM currently manages client assets on a discretionary and non-discretionary basis. As of February 24, 2017, TAM managed approximately \$78 billion of client assets on a discretionary basis, and approximately \$1.26 billion of client assets on a non-discretionary basis.

Fees and Compensation

Fees for management or 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.

Fund Complex:

Effective March 1, 2016, TAM serves as investment manager for each series of TF, TST, TPFG, TPFG II, TPP and TAAVF. TAM provides continuous and regular investment management services to these series. Prior to March 1, 2016, each series of TF and TST paid separate investment advisory fees and administrative services fees. Effective March 1, 2016, TF and TST, on behalf of their respective series, entered into an investment management agreement with TAM, and investment advisory and administrative services fees have been combined under the investment management agreement providing for a single management fee. TPFG, TPFG II, TPP and TAAVF have each entered into an investment advisory agreement on behalf of their respective series with TAM. TPFG and TPFG II have also entered into an administrative services agreement on behalf of their respective series with TAM.

TF and TST

For the investment management services provided and expenses assumed pursuant to the investment management agreements with TF and TST, TAM receives compensation calculated daily and paid monthly from each respective Fund at the annual rates indicated below (expressed as a percentage of the Fund's average daily net assets). Fees are deducted from Fund assets.

The following are series of TF:

Fund Name	Percentage of Average Daily Net Assets
ClearTrack Series (9 funds)	0.38% of the first \$2.5 billion 0.37% over \$2.5 billion up to \$4 billion 0.36% in excess of \$4 billion
Transamerica Asset Allocation - Conservative Portfolio	0.1225%
Transamerica Asset Allocation - Growth Portfolio	0.1225%
Transamerica Asset Allocation - Intermediate Horizon	0.12%
Transamerica Asset Allocation - Long Horizon	0.12%
Transamerica Asset Allocation - Moderate Growth Portfolio	0.1225%
Transamerica Asset Allocation - Moderate Portfolio	0.1225%
Transamerica Asset Allocation - Short Horizon	0.12%
Transamerica Balanced II	0.48%
Transamerica Bond	0.705% of the first \$200 million 0.655% over \$200 million up to \$750 million 0.605% in excess of \$750 million
Transamerica Capital Growth	0.83% of the first \$500 million 0.705% in excess of \$500 million
Transamerica Concentrated Growth	0.68% of the first \$650 million 0.66% over \$650 million up to \$1.15 billion 0.605% in excess of \$1.15 billion
Transamerica Core Bond	0.48% of the first \$750 million 0.43% over \$750 million up to \$1 billion 0.405% in excess of \$1 billion
Transamerica Developing Markets Equity	1.23% of the first \$50 million 1.18% over \$50 million up to \$200 million 1.13% over \$200 million up to \$500 million 1.08% in excess of \$500 million
Transamerica Dividend Focused	0.78% of the first \$200 million 0.68% over \$200 million up to \$500 million 0.63% in excess of \$500 million
Transamerica Dynamic Allocation	0.58% of the first \$250 million 0.57% over \$250 million up to \$500 million 0.56% over \$500 million up to \$1.5 billion 0.55% over \$1.5 billion up to \$2.5 billion 0.54% in excess of \$2.5 billion

Transamerica Dynamic Income	0.50% of the first \$500 million 0.49% over \$500 million up to \$1 billion 0.48% over \$1 billion up to \$1.5 billion 0.47% over \$1.5 billion up to \$2 billion 0.46% over \$2 billion up to \$2.5 billion 0.45% in excess of \$2.5 billion
Transamerica Emerging Markets Debt	0.63% of the first \$400 million 0.61% in excess of \$400 million
Transamerica Emerging Markets Equity	0.98% of the first \$250 million 0.96% over \$250 million up to \$500 million 0.93% in excess of \$500 million
Transamerica Event Driven	1.25% of the first \$50 million 1.13% over \$50 million up to \$300 million 1.08% over \$300 million up to \$750 million 1.055% in excess of \$750 million
Transamerica Flexible Income	0.505% of the first \$250 million 0.455% over \$250 million up to \$350 million 0.43% in excess of \$350 million
Transamerica Floating Rate	0.64% of the first \$1 billion 0.62% over \$1 billion up to \$1.5 billion 0.60% over \$1.5 billion up to \$2 billion 0.59% in excess of \$2 billion
Transamerica Global Equity	0.84% of the first \$250 million 0.83% over \$250 million up to \$500 million 0.82% over \$500 million up to \$1 billion 0.81% over \$1 billion up to \$2 billion 0.795% over \$2 billion up to \$2.5 billion 0.79% in excess of \$2.5 billion
Transamerica Global Long/Short Equity	1.03% of the first \$150 million 1.005% over \$150 million up to \$300 million 0.98% in excess of \$300 million
Transamerica Global Multifactor Macro	1.25% of the first \$150 million 1.19% over \$150 million up to \$300 million 1.14% over \$300 million up to \$500 million 1.13% over \$500 million up to \$600 million 1.08% in excess of \$600 million
Transamerica Global Real Estate Securities	0.83% of the first \$250 million 0.805% over \$250 million up to \$500 million 0.73% over \$500 million up to \$1 billion 0.68% in excess of \$1 billion

Transamerica Government Money Market	0.28% of the first \$1 billion 0.27% over \$1 billion to \$3 billion 0.26% in excess of \$3 billion
Transamerica Growth	0.83% of the first \$250 million 0.78% over \$250 million up to \$500 million 0.73% over \$500 million up to \$1 billion 0.63% in excess of \$1 billion
Transamerica High Quality Bond	0.38%
Transamerica High Yield Bond	0.58% of the first \$1.25 billion 0.555% over \$1.25 billion up to \$2 billion 0.53% in excess of \$2 billion
Transamerica High Yield Muni	0.54% of the first \$500 million 0.53% over \$500 million up to \$1 billion 0.50% in excess of \$1 billion
Transamerica Inflation Opportunities	0.58% of the first \$200 million 0.57% over \$200 million up to \$500 million 0.54% in excess of \$500 million
Transamerica Inflation-Protected Securities	0.38%
Transamerica Intermediate Bond	0.38% of the first \$2 billion 0.365% in excess of \$2 billion
Transamerica Intermediate Muni	0.47% of the first \$150 million 0.45% over \$150 million up to \$350 million 0.44% over \$350 million up to \$650 million 0.42% over \$650 million up to \$1 billion 0.39% in excess of \$1 billion
Transamerica International Equity	0.77% of the first \$500 million 0.75% over \$500 million up to \$1 billion 0.72% over \$1 billion up to \$2 billion 0.69% in excess of \$2 billion
Transamerica International Equity Opportunities	0.93% of the first \$250 million 0.905% over \$250 million up to \$500 million 0.88% over \$500 million up to \$1 billion 0.83% in excess of \$1 billion
Transamerica International Small Cap	1.10% of the first \$300 million 1.03% in excess of \$300 million
Transamerica International Small Cap Value	0.955% of the first \$300 million 0.93% over \$300 million up to \$750 million 0.88% in excess of \$750 million

Transamerica Large Cap Value	0.68% of the first \$750 million 0.65% over \$750 million up to \$1 billion 0.63% in excess of \$1 billion
Transamerica Large Core	0.63%
Transamerica Large Growth	0.65% of the first \$2 billion 0.64% over \$2 billion up to \$3 billion 0.63% over \$3 billion up to \$4 billion 0.61% in excess of \$4 billion
Transamerica Large Value Opportunities	0.48%
Transamerica Long/Short Strategy	1.23% of the first \$300 million 1.18% over \$300 million up to \$1 billion 1.155% in excess of \$1 billion
Transamerica Managed Futures Strategy	1.13% of the first \$500 million 1.08% in excess of \$500 million
Transamerica Mid Cap Growth	0.75% of the first \$1 billion 0.73% in excess of \$1 billion
Transamerica Mid Cap Value	0.88% of the first \$100 million 0.83% in excess of \$100 million
Transamerica Mid Cap Value Opportunities	0.70% of the first \$750 million 0.695% over \$750 million up to \$1.5 billion 0.685% over \$1.5 billion up to \$2 billion 0.6775% in excess of \$2 billion
Transamerica MLP & Energy Income	1.13% of the first \$250 million 1.08% over \$250 million up to \$500 million 1.01% over \$500 million up to \$1 billion 0.91% over \$1 billion up to \$2 billion 0.85% in excess of \$2 billion
Transamerica Multi-Cap Growth	0.70% of the first \$700 million 0.69% over \$700 million up to \$1.5 billion 0.67% over \$1.5 billion up to \$3 billion 0.63% in excess of \$3 billion
Transamerica Multi-Managed Balanced	0.65% of the first \$1 billion 0.59% over \$1 billion up to \$5 billion 0.58% in excess of \$5 billion
Transamerica Multi-Manager Alternative Strategies Portfolio	0.2225% of the first \$500 million 0.2125% over \$500 million up to \$1 billion 0.2025% in excess of \$1 billion

Transamerica Short-Term Bond	0.58% of the first \$250 million 0.53% over \$250 million up to \$500 million 0.505% over \$500 million up to \$1 billion 0.48% in excess of \$1 billion
Transamerica Small Cap Core	0.83% of the first \$300 million 0.80% in excess of \$300 million
Transamerica Small Cap Growth	0.87% of the first \$300 million 0.83% in excess of \$300 million
Transamerica Small Cap Value	0.85% of the first \$250 million 0.81% over \$250 million up to \$500 million 0.78% over \$500 million up to \$750 million 0.755% in excess of \$750 million
Transamerica Small/Mid Cap Value	0.79% of the first \$350 million 0.78% over \$350 million up to \$500 million 0.765% over \$500 million up to \$750 million 0.755% over \$750 million up to \$1 billion 0.735% over \$1 billion up to \$1.5 billion 0.73% over \$1.5 billion up to \$2 billion 0.725% in excess of \$2 billion
Transamerica Stock Index	0.08%
Transamerica Strategic High Income	0.69% of the first \$600 million 0.66% over \$600 million up to \$1 billion 0.63% over \$1 billion up to \$2 billion 0.615% in excess of \$2 billion
Transamerica Total Return	0.68% of the first \$250 million 0.67% over \$250 million up to \$500 million 0.66% over \$500 up to \$750 0.63% over \$750 million up to \$1 billion 0.60% over \$1 billion up to \$3 billion 0.57% in excess of \$3 billion
Transamerica Unconstrained Bond	0.67% of the first \$1 billion 0.655% over \$1 billion up to \$2 billion 0.65% in excess of \$2 billion
Transamerica US Growth	0.73% of the first \$150 million 0.70% over \$150 million up to \$650 million 0.68% over \$650 million up to \$1.15 billion 0.655% over \$1.15 billion up to \$2 billion 0.64% over \$2 billion up to \$3 billion 0.63% over \$3 billion up to \$4 billion 0.61% in excess of \$4 billion

The following are series of TST:

<u>Fund</u>	<u>Management Fee</u>
Transamerica AB Dynamic Allocation VP	0.78% of the first \$250 million 0.73% in excess of \$250 million
Transamerica Aegon Government Money Market VP	0.28% of the first \$1 billion 0.27% over \$1 billion to \$3 billion 0.26% in excess of \$3 billion
Transamerica Aegon High Yield Bond VP	0.58% of the first \$1.25 billion 0.555% over \$1.25 billion to \$2 billion 0.53% in excess of \$2 billion
Transamerica Aegon U.S. Government Securities VP	0.58%
Transamerica American Funds Managed Risk VP	0.53% of the first \$5 billion 0.52% over \$5 billion up to \$10 billion 0.46% in excess of \$10 billion
Transamerica Asset Allocation - Conservative VP	0.1225% of the first \$10 billion 0.1025% in excess of \$10 billion
Transamerica Asset Allocation - Growth VP	0.1225% of the first \$10 billion 0.1025% in excess of \$10 billion
Transamerica Asset Allocation - Moderate Growth VP	0.1225% of the first \$10 billion 0.1025% in excess of \$10 billion
Transamerica Asset Allocation - Moderate VP	0.1225% of the first \$10 billion 0.1025% in excess of \$10 billion
Transamerica Barrow Hanley Dividend Focused VP	0.78% of the first \$200 million 0.68% over \$200 million up to \$500 million 0.63% in excess of \$500 million
Transamerica BlackRock Equity Smart Beta 100 VP	0.30% of the first \$1 billion 0.28% in excess of \$1 billion
Transamerica BlackRock Global Allocation VP	0.71% of the first \$3 billion 0.70% over \$3 billion up to \$5 billion 0.69% in excess of \$5 billion
Transamerica BlackRock Global Allocation Managed Risk - Balanced VP	0.28% of the first \$5 billion 0.27% over \$5 billion up to \$10 billion 0.22% in excess of \$10 billion
Transamerica BlackRock Global Allocation Managed Risk - Growth VP	0.30% of the first \$5 billion 0.29% over \$5 billion up to \$10 billion 0.24% in excess of \$10 billion
Transamerica BlackRock Smart Beta 50 VP	0.30% of the first \$1 billion 0.28% in excess of \$1 billion
Transamerica BlackRock Tactical Allocation VP	0.13% of the first \$1 billion 0.11% in excess of \$1 billion
Transamerica Clarion Global Real Estate Securities VP	0.83% of the first \$250 million 0.805% over \$250 million up to \$500 million 0.73% over \$500 million up to \$1 billion 0.68% in excess of \$1 billion

<u>Fund</u>	<u>Management Fee</u>
Transamerica International Equity Index VP	0.11%
Transamerica International Moderate Growth VP	0.1225% of the first \$10 billion 0.1025% in excess of \$10 billion
Transamerica Janus Balanced VP	0.76% of the first \$250 million 0.73% over \$250 million up to \$500 million 0.705 over \$500 million up to \$1 billion 0.68% in excess of \$1 billion
Transamerica Janus Mid-Cap Growth VP	0.805% of the first \$500 million 0.77% over \$500 million up to \$1 billion 0.75% in excess of \$1 billion
Transamerica Jennison Growth VP	0.83% of the first \$250 million 0.78% over \$250 million up to \$500 million 0.73% over \$500 million up to \$1 billion 0.63% in excess of \$1 billion
Transamerica JPMorgan Core Bond VP	0.48% of the first \$750 million 0.43% over \$750 million up to \$1 billion 0.405% in excess of \$1 billion
Transamerica JPMorgan Enhanced Index VP	0.73% of the first \$750 million 0.68% over \$750 million up to \$1 billion 0.62% over \$1 billion up to \$5 billion 0.60% in excess of \$5 billion
Transamerica JPMorgan Mid Cap Value VP	0.88% up to \$100 million 0.83% in excess of \$100 million
Transamerica JPMorgan Tactical Allocation VP	0.73% of the first \$500 million 0.705% over \$500 million up to \$750 million 0.68% in excess of \$750 million
Transamerica Legg Mason Dynamic Allocation - Balanced VP	0.61% of the first \$350 million 0.59% over \$350 million up to \$750 million 0.56% over \$750 million up to \$1.5 billion 0.54% in excess of \$1.5 billion
Transamerica Legg Mason Dynamic Allocation - Growth VP	0.63% of the first \$250 million 0.60% over \$250 million up to \$750 million 0.57% over \$750 million up to \$1 billion 0.56% over \$1 billion up to \$1.5 billion 0.55% over \$1.5 billion
Transamerica Madison Balanced Allocation VP	0.18%
Transamerica Madison Conservative Allocation VP	0.18%
Transamerica Madison Diversified Income VP	0.78%
Transamerica Managed Risk - Balanced ETF VP	0.34% of the first \$50 million 0.32% over \$50 million up to \$250 million 0.30% in excess of \$250 million

<u>Fund</u>	<u>Management Fee</u>
Transamerica Managed Risk - Conservative ETF VP	0.34% of the first \$50 million 0.32% over \$50 million up to \$250 million 0.30% in excess of \$250 million
Transamerica Managed Risk - Growth ETF VP	0.34% of the first \$50 million 0.32% over \$50 million up to \$250 million 0.30% in excess of \$250 million
Transamerica Market Participation Strategy VP	0.68% of the first \$500 million 0.65% over \$500 million up to \$1 billion 0.62% over \$1 billion up to \$1.5 billion 0.60% over \$1.5 billion
Transamerica MFS International Equity VP	0.93% of the first \$250 million 0.905% over \$250 million up to \$500 million 0.88% over \$500 million up to \$1 billion 0.83% in excess of \$1 billion
Transamerica Morgan Stanley Capital Growth VP	0.83% of the first \$500 million 0.705% in excess of \$500 million
Transamerica Multi-Managed Balanced VP	0.65% of the first \$1 billion 0.59% over \$1 billion up to \$5 billion 0.58% in excess of \$5 billion
Transamerica Multi-Manager Alternative Strategies VP	0.2225% of the first \$500 million 0.2125% over \$500 million up to \$1 billion 0.2025% in excess of \$1 billion
Transamerica PIMCO Tactical - Balanced VP	0.81% of the first \$250 million 0.80% over \$250 million up to \$750 million 0.79% over \$750 million up to \$1.5 billion 0.76% in excess of \$1.5 billion
Transamerica PIMCO Tactical - Conservative VP	0.79% of the first \$750 million 0.78% over \$750 million up to \$1.5 billion 0.75% in excess of \$1.5 billion
Transamerica PIMCO Tactical - Growth VP	0.82% of the first \$250 million 0.81% over \$250 million up to \$750 million 0.79% over \$750 million up to \$1.5 billion 0.76% in excess of \$1.5 billion
Transamerica PIMCO Total ReturnVP	0.68% of the first \$250 million 0.67% over \$250 million up to \$500 million 0.66% over \$500 million up to \$750 million 0.63% over \$750 million up to \$1 billion 0.60% over \$1 billion up to \$3 billion 0.57% in excess of \$3 billion
Transamerica PineBridge Inflation Opportunities VP	0.58% of the first \$200 million 0.57% over \$200 million up to \$500 million 0.54% in excess of \$500 million

<u>Fund</u>	<u>Management Fee</u>
Transamerica ProFund UltraBear VP	0.88% of the first \$250 million 0.83% over \$250 million up to \$750 million 0.78% in excess of \$750 million
Transamerica QS Investors Active Asset Allocation - Conservative VP	0.58% of the first \$50 million 0.56% over \$50 million up to \$250 million 0.54% over \$250 million up to \$1 billion 0.52% over \$1 billion up to \$1.5 billion 0.51% over \$1.5 billion up to \$2.5 billion 0.50% in excess of \$2.5 billion
Transamerica QS Investors Active Asset Allocation - Moderate Growth VP	0.58% of the first \$50 million 0.56% over \$50 million up to \$250 million 0.54% over \$250 million up to \$1 billion 0.52% over \$1 billion up to \$1.5 billion 0.51% over \$1.5 billion up to \$2.5 billion 0.50% in excess of \$2.5 billion
Transamerica QS Investors Active Asset Allocation - Moderate VP	0.58% of the first \$50 million 0.56% over \$50 million up to \$250 million 0.54% over \$250 million up to \$1 billion 0.52% over \$1 billion up to \$1.5 billion 0.51% over \$1.5 billion up to \$2.5 billion 0.50% in excess of \$2.5 billion
Transamerica Systematic Small/Mid Cap Value VP	0.83% of the first \$500 million 0.78% in excess of \$500 million
Transamerica T. Rowe Price Small Cap VP	0.78%
Transamerica Torray Concentrated Growth VP	0.68% of the first \$650 million 0.66% over \$650 million up to \$1.15 billion 0.605% in excess of \$1.15 billion
Transamerica TS&W International Equity VP	0.77% of the first \$500 million 0.75 over \$500 million up to \$1 billion 0.72% over \$1 billion up to \$2 billion 0.69% in excess of \$2 billion
Transamerica U.S. Equity Index VP	0.08%
Transamerica Voya Limited Maturity Bond VP	0.53% of the first \$250 million 0.505% over \$250 million up to \$1 billion 0.49% in excess of \$1 billion
Transamerica Voya Mid Cap Opportunities VP	0.86% of the first \$100 million 0.845% over \$100 million up to \$1 billion 0.83% in excess of \$1 billion

<u>Fund</u>	<u>Management Fee</u>
Transamerica WMC US Growth VP	0.73% of the first \$150 million 0.70% over \$150 million up to \$650 million 0.68% over \$650 million up to \$1.15 billion 0.655% over \$1.15 billion up to \$2 billion 0.64% over \$2 billion up to \$3 billion 0.63% over \$3 billion up to \$4 billion 0.61% in excess of \$4 billion
Transamerica WMS US Growth II VP	0.33%

TPP, TPGF and TPGF II

For the investment management services provided and expenses assumed pursuant to the investment advisory agreements with TPP, TPGF and TPGF II, TAM receives compensation calculated daily and paid monthly from each respective Fund at the annual rates indicated below (expressed as a percentage of the Fund's average daily net assets). Fees are deducted from Fund assets.

The following are series of TPP:

<u>Fund</u>	<u>Advisory Fee</u>
Transamerica Partners Balanced Portfolio	0.45%
Transamerica Partners Government Money Market Portfolio	0.25% of the first \$1 billion 0.24% over \$1 billion up to \$3 billion 0.23% in excess of \$3 billion
Transamerica Partners High Quality Bond Portfolio	0.35%
Transamerica Partners Inflation-Protected Securities Portfolio	0.35%
Transamerica Partners Large Value Portfolio	0.45%
Transamerica Partners Small Value Portfolio	0.82% of the first \$250 million 0.78% over \$250 million up to \$500 million 0.75% over \$500 million up to \$750 million 0.725% in excess \$750 million

The following are series of TPGF:

<u>Fund</u>	<u>Advisory Fee</u>
Transamerica Partners Balanced	0.45%
Transamerica Partners Government Money Market	0.25% of the first \$1 billion 0.24% over \$1 billion up to \$3 billion 0.23% in excess of \$3 billion
Transamerica Partners High Quality Bond	0.35%
Transamerica Partners Inflation-Protected Securities	0.35%
Transamerica Partners Large Value	0.45%
Transamerica Partners Small Value	0.82% of the first \$250 million 0.78% over \$250 million up to \$500 million 0.75% over \$500 million up to \$750 million 0.725% in excess \$750 million
Transamerica Partners Stock Index ¹	0.40%

<u>Fund</u>	<u>Advisory Fee</u>
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%.

¹ Includes administrative service fees

Note: Each of the series of TPFG, 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 TPFG II:

<u>Fund</u>	<u>Advisory Fee</u>
Transamerica Partners Institutional Balanced	0.45%
Transamerica Partners Institutional Government Money Market	0.25% of the first \$1 billion 0.24% over \$1 billion up to \$3 billion 0.23% in excess of \$3 billion
Transamerica Partners Institutional High Quality Bond	0.35%
Transamerica Partners Institutional Inflation-Protected Securities	0.35%
Transamerica Partners Institutional Large Value	0.45%
Transamerica Partners Institutional Small Value	0.82% of the first \$250 million 0.78% over \$250 million up to \$500 million 0.75% over \$500 million up to \$750 million 0.725% in excess \$750 million
Transamerica Partners Institutional Stock Index ¹	0.40%
Transamerica Partners Institutional Asset Allocation - Intermediate Horizon	0.10%
Transamerica Partners Institutional Asset Allocation - Intermediate/Long Horizon	0.10%
Transamerica Partners Institutional Asset Allocation - Long Horizon	0.10%
Transamerica Partners Institutional Asset Allocation - Short Horizon	0.10%
Transamerica Partners Institutional Asset Allocation - Short/Intermediate Horizon	0.10%

¹ Includes administrative service fees.

Note: Each of the series of TPFG II, 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.

TAAVF:

For the investment management services provided and expenses assumed pursuant to the investment advisory agreement with TFLIC with respect to the TAAVF Subaccounts, TAM receives compensation calculated daily and paid monthly from each respective Subaccount at the annual rates indicated below (expressed as a percentage of the Subaccount's average daily net assets). Fees are deducted from Subaccount assets.

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%.

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

Sub-Fund	Class A	Class N	Class I	Class X	Class M	Class Z
AEGON International Equity Fund	0.85%	0.90%	0.80%	Negotiated	0.80%	0.85%
AEGON Large Cap Value Fund	0.70%	0.75%	0.65%	Negotiated	0.65%	0.70%
AEGON Diversified Small Cap Value Fund	0.90%	0.95%	0.85%	Negotiated	0.85%	0.90%
AEGON Dividend Focused Fund	0.80%	0.85%	0.75%	Negotiated	0.75%	0.80%
AEGON Growth Fund	0.85%	0.90%	0.80%	Negotiated	0.80%	0.85%
AEGON Intermediate Bond Fund	0.43%	0.48%	0.38%	Negotiated	0.38%	0.43%
AEGON International Equity Opportunities Fund	0.95%	1.00%	0.90%	Negotiated	0.90%	0.95%
AEGON Mid Cap Growth Fund	0.825%	0.875%	0.775%	Negotiated	0.775%	0.825%
AEGON Mid Cap Value Opportunities Fund	0.75%	0.80%	0.70%	Negotiated	0.70%	0.75%
AEGON Small Cap Growth Fund	0.89%	0.94%	0.84%	Negotiated	0.84%	0.89%
AEGON Small Cap Value Fund	0.90%	0.95%	0.85%	Negotiated	0.85%	0.90%
AEGON US Growth Fund	0.75%	0.80%	0.70%	Negotiated	0.70%	0.75%

Each UCITS fund's offering and subscription documents describe the fees that apply to investors. From time to time, where permitted by law, TAM may agree to rebate a portion of the advisory fees or other fund expenses to certain investors in our pooled UCITS funds. These rebates may be made by purchasing additional shares of the UCITS fund or as a refund payment to the investor.

Additional Information Regarding Fund Complex

The Funds also pay certain other fees and expenses, including transfer agent fees, custodian fees, legal and audit expenses and various other fees and expenses applicable to the Funds or, as applicable, their respective share classes. Certain Funds in TPFG and TPFG II pay separate administrative services fees to TAM. 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 such Funds invest.

Certain share classes of the Funds in TF pay sub-transfer agency fees directly to financial intermediaries (including affiliates of TAM) that provide sub-transfer agency, recordkeeping and/or shareholder services with respect to certain shareholder accounts in lieu of the Funds' transfer agent, Transamerica Funds Services, Inc. ("TFS"), providing such services. Other share classes of the Funds in TF do not pay sub-transfer agency fees directly, but, TFS may use its available resources to pay for sub-transfer agency services for any share class of the Funds in TF, including those share classes that pay sub-transfer agency fees directly.

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

TAM'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.

TAM and its affiliates, directors, officers, employees and personnel (collectively, for purposes of this sub-section, "**Transamerica**"), including the entities and personnel who may be involved in the management, operations or distribution of the Funds, 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.

Transamerica manages or advises other funds and products in addition to the Funds (collectively, for purposes of this sub-section, the "**Other Accounts**"). In some cases Transamerica oversees sub-advisers who provide day-to-day investment advice and recommendations with respect to the Other Accounts, and in other cases Transamerica itself performs all aspects of the day-to-day management. Certain Other Accounts have investment objectives similar to those of the Funds and/or engage in transactions in the same types of securities and instruments as the Funds. Such transactions could affect the prices and availability of the securities and instruments in which a Fund invests, and could have an adverse impact on the Fund's performance. Other Accounts may buy or sell positions while the Funds are undertaking the same or a differing, including potentially opposite, strategy, which could disadvantage the Funds. A position taken by Transamerica, on behalf of one or more Other Accounts, may be contrary to a position taken on behalf of a Fund or may be adverse to a company or issuer in which the Fund has invested.

Certain Other Accounts are offered as investment options through variable insurance contracts and other retirement products offered and sold by Transamerica insurance companies. The performance of the Other Accounts may impact Transamerica's financial exposure under guarantees that the Transamerica insurance companies provide as issuers of the variable insurance contracts. TAM's investment decisions and the design of the Other Accounts may be influenced by these factors. For example, the Other Accounts 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 asset allocation models may include Other Accounts as investment options, and Transamerica will receive more revenue if TAM selects such Other Accounts to be included in the models.

TAM serves as investment manager to and is responsible for all aspects of the day-to-day investment advice and management of certain Funds and Other Accounts which operate as funds of funds that invest in affiliated underlying funds or Other Accounts, and TAM is subject to conflicts of interest in allocating the funds of funds' assets among the underlying funds or Other Accounts. TAM 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 TAM to include affiliated funds as investment options for funds of funds and to cause investments by funds of funds in affiliated funds that perform less well than unaffiliated funds. The inclusion of affiliated funds will also permit TAM and/or the sub-adviser to make increased revenue sharing payments, including to Transamerica. TAM may have an incentive to allocate the funds of funds' assets to those underlying funds or Other Accounts for which the net management fees payable to TAM are higher than the fees payable by other underlying funds or Other Accounts or to those underlying funds or Other Accounts for which an affiliate of TAM serves as the sub-adviser. TAM Compliance monitors allocation changes by the funds of funds.

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 TAM, TAM 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, TAM and their affiliates out of past profits and other available sources and may take the form of internal credit, recognition or cash payments. TCI, TAM 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, TAM 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), TAM 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 affiliated (TFA) and 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.

TAM 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 or mutual fund trading platform, including a preferred or select sales list or trading platform, 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 for a particular period; (ii) as a percentage of gross or net assets under management; (iii) as a fixed or negotiated flat fee dollar amount; and/or (iv) based on a combination of any of these methods. These payments are made on a periodic basis, such as monthly or quarterly.

TAM also serves as investment manager to certain funds of funds that are underlying investment options for Transamerica insurance products. TCI and its affiliates make revenue sharing payments to or receive revenue sharing payments from affiliates of certain underlying unaffiliated funds within Transamerica insurance products for the provision of services to investors and distribution activities. These amounts are in addition to revenue sharing payments described above with respect to mutual fund distribution. A financial intermediary may receive both mutual fund-related and insurance-related revenue sharing payments.

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 TAM 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) ad hoc 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 TAM 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. Such non-cash compensation is in addition to the overall revenue sharing arrangements with the intermediaries described above.

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 TAM, 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

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

Investment Scorecard Program

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

Performance-Based Fees and Side-By-Side Management

TAM 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, TAM provides investment management services to investment companies registered under the 1940 Act. TAM also provides investment advisory services to foreign registered investment companies, a privately-offered pooled investment vehicle, and an affiliated recordkeeper.

Certain Funds and the share classes of certain Funds have minimum initial and subsequent investment amounts. Certain Funds and the share classes of 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

Fund Complex

As discussed under "Advisory Business" above, TAM serves as investment manager to each of the Funds in the Fund Complex. TAM provides continuous and regular investment management services to the Funds. TAM supervises each Fund's investments, conducts its investment program and provides supervisory, compliance and administrative services to the Funds.

TAM currently renders "manager of managers" investment management services to a number of funds in the Fund Complex and hires sub-advisers to furnish investment advice and recommendations and has entered into a sub-advisory agreement with the Funds' sub-advisers. TAM is responsible for the day-to-day management of certain asset allocation funds in the Fund Complex.

When acting as a manager of managers, TAM provides investment management services that include, without limitation, the design and development of each 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; negotiation of sub-advisory agreements and fees; 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; selection and oversight of transition managers, as needed; regular supervision of the Funds' investments; regular review and evaluation of sub-adviser performance; daily monitoring of the sub-advisers' buying and selling of securities for the Funds; regular review of holdings; ongoing trade oversight and analysis; regular monitoring to ensure adherence to investment process; regular calls and periodic on-site visits with sub-advisers; portfolio construction and asset allocation when using multiple sub-advisers for a Fund; risk management oversight and analysis; oversight of negotiation of investment documentation and agreements; design, development, implementation and regular monitoring of the valuation process; periodic due diligence reviews of pricing vendors and vendor methodology; design, development, implementation and

regular monitoring of the compliance process; respond to regulatory inquiries and determine appropriate litigation strategy, as needed; review of proxies voted by sub-advisers; oversight of preparation, and review, of materials for meetings of the Funds' Board, 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 oversight of cash management services. TAM uses a variety of quantitative and qualitative tools to carry out its investment management services. TAM, not the Funds, is responsible for paying the sub-advisers, and the sub-advisory fees are TAM's expense.

As discussed under "Fees and Compensation" above, effective March 1, 2016, TAM's investment management services also include the provision of supervisory and administrative services to each series of TF and TST. These services include performing certain administrative services for the Funds and supervising and overseeing the administrative, clerical, recordkeeping and bookkeeping services provided to the Funds by State Street Bank and Trust Company, to whom TAM has outsourced the provision of certain services as described below; to the extent agreed upon by TAM and the Funds from time to time, monitoring and verifying the custodian's daily calculation of net asset values; shareholder relations functions; compliance services; valuation services; assisting in due diligence and in oversight and monitoring of certain activities of sub-advisers and certain aspects of Fund investments; assisting with Fund combinations and liquidations; oversight of the preparation and filing, and review, of all returns and reports, in connection with federal, state and local taxes; oversight and review of regulatory reporting; supervising and coordinating the Funds' custodian and dividend disbursing agent and monitoring their services to the Funds; assisting the Funds in preparing reports to shareholders; acting as liaison with the Funds' independent public accountants and providing, upon request, analyses, fiscal year summaries and other audit related services; assisting in the preparation of agendas and supporting documents for and minutes of meetings of the Funds' Board and committees of the Board; assisting in the preparation of regular communications with the Board; and providing personnel and office space, telephones and other office equipment as necessary in order for TAM to perform supervisory and administrative services to the Funds. Prior to March 1, 2016, TFS provided administrative services to each series of TF and TST.

Transamerica Partners Asset Allocation Funds and Transamerica Funds Asset Allocation Funds

TAM is currently responsible for the day-to-day management of the Transamerica Partners Asset Allocation Funds which are series of TPFG and TPFG II. The Transamerica Partners Asset Allocation Funds each invest in a combination of Transamerica Partners funds (for purposes of this sub-section, the "**Partners Underlying Funds**"). TAM selects the combination and amount of Partners Underlying Funds to invest in based on the investment goal of each Transamerica Partners Asset Allocation Fund.

TAM is also responsible for the day-to-day management of the Transamerica Funds Asset Allocation Funds which are new series of TF (for purposes of this sub-section, the "**TF Asset Allocation Funds**") and together with the Transamerica Partners Asset Allocation Funds, the "**Asset Allocation Funds**"). As discussed in "Material Changes" above, the Board of Trustees of TPFG and TPFG II have approved the reorganization of each of the Transamerica Partners Asset Allocation Funds into certain share classes of the TF Asset Allocation Funds. As of the date hereof, these reorganizations remain subject to approval by the shareholders of each Transamerica Partners Asset Allocation Fund and certain other closing conditions. Upon consummation of the reorganizations, the TF Asset Allocation Funds, like the Transamerica Partners Asset Allocation Funds, will each invest in a combination of series of TF (for purposes of this sub-section, the "**TF Underlying Funds**") and together with the Partners Underlying Funds, the "**Underlying Funds**"), and TAM will select the combination and amount of TF Underlying Funds to invest in based on the investment goal of each TF Asset Allocation Fund.

Each Transamerica Partners Asset Allocation Fund is a non-diversified fund, meaning that it is not limited by the applicable sections of the 1940 Act or rules thereunder as to the amount of its assets that may be invested in a single issuer. The Transamerica Partners Asset Allocation Funds invest in the Partners Underlying Funds, which are diversified. The TF Asset Allocation Funds and the TF Underlying Funds in which they invest 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 Asset Allocation 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, an Asset Allocation Fund may take temporary defensive positions in cash and short-term debt securities without limit.

The following charts show approximately how much of the assets of each Asset Allocation Fund are invested in Transamerica Bond, Stock and Money Market underlying funds. These allocations reflect TAM'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 an Asset Allocation Fund. For more information on allocations to the Underlying Funds, see the current prospectuses for the Transamerica Partners Asset Allocation Funds and the TF Asset Allocation Funds.

<u>TRANSAMERICA PARTNERS ASSET ALLOCATION FUND</u>	<u>NORMAL APPROXIMATE ALLOCATION</u>		
Transamerica Asset Allocation - Intermediate Horizon Transamerica Institutional Asset Allocation - Intermediate Horizon	Partners Bond Funds	Partners Stock Funds	Partners Government Money Market Fund
	49.8%	50%	0.2%
Transamerica Asset Allocation – Intermediate/Long Horizon Transamerica Institutional Asset Allocation – Intermediate/Long Horizon	Partners Bond Funds	Partners Stock Funds	Partners Government Money Market Fund
	29.8%	70%	0.2%
Transamerica Asset Allocation – Long Horizon Transamerica Institutional Asset Allocation – Long Horizon	Partners Bond Funds	Partners Stock Funds	Partners Government Money Market Fund
	9.8%	90%	0.2%
Transamerica Asset Allocation – Short/Intermediate Horizon Transamerica Institutional Asset Allocation – Short/Intermediate Horizon	Partners Bond Funds	Partners Stock Funds	Partners Government Money Market Fund
	69.8%	30%	0.2%
Transamerica Asset Allocation – Short Horizon Transamerica Institutional Asset Allocation – Short Horizon	Partners Bond Funds	Partners Stock Funds	Partners Government Money Market Fund
	89.8%	10%	0.2%

<u>TF ASSET ALLOCATION FUND</u>	<u>NORMAL APPROXIMATE ALLOCATION</u>		
Transamerica Asset Allocation Intermediate Horizon	TF Bond Funds	TF Stock Funds	TF Government Money Market Fund
	49.8%	50%	0.2%
Transamerica Asset Allocation Long Horizon	Partners Bond Funds	Partners Stock Funds	Partners Government Money Market Fund
	9.8%	90%	0.2%
Transamerica Asset Allocation Short Horizon	Partners Bond Funds	Partners Stock Funds	Partners Government Money Market Fund
	89.8%	10%	0.2%

Transamerica Asset Allocation Variable Funds

Transamerica Asset Allocation Variable Funds (for purposes of this sub-section, the “**Separate Account**”) is a non-diversified separate account of TFLIC and is registered as a management investment company under the 1940 Act. The Separate Account

applies investment company accounting and reporting guidance. The Separate Account is composed of the following three different subaccounts that are separate investment funds: Transamerica Asset Allocation Intermediate Horizon Subaccount, Transamerica Asset Allocation Intermediate/Long Horizon Subaccount, and Transamerica Asset Allocation Short Horizon Subaccount (for purposes of this sub-section, each a “**Subaccount**” and collectively, the “**Subaccounts**”). TAM is responsible for the day-to-day management of the Subaccounts.

Each Subaccount invests substantially all of its investable assets in the Transamerica Partners Variable Funds, a separate account of TFLIC which is composed of twelve subaccounts (for purposes of this sub-section, the “**TPVF Subaccounts**”). Certain of the TPVF Subaccounts invest substantially all of their investable assets among series of TPP. As discussed in “Material Changes” above, however, the Board of Trustees of TPP has approved the reorganization of each series of TPP into Class I3 shares of new or existing series of TF. These reorganizations have resulted in, or if consummated will result in, a change from the TPVF Subaccounts investing all of their investable assets among series of TPP to the TPVF Subaccounts investing all of their investable assets among series of TF. As discussed above, certain of these reorganizations have closed and certain other reorganizations are scheduled to close in the second quarter of 2017.

Fund Complex Risks

Risk is inherent in all investing. Many factors affect a Fund’s performance. There is no assurance a Fund will meet its investment objective. The value of an investment in a Fund, as well as the amount of return received on that investment, may fluctuate significantly. An investor may lose part or all of their investment in a Fund or the investment may not perform as well as other similar investments.

The following is a summary of certain risks (in alphabetical order) of investing in the Funds. This summary of certain risks is not a complete list of the risks involved in investing in the Funds.

Active Trading – A fund that is actively managed 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 generally be subject to tax at ordinary income tax rates upon distribution. Derivative instruments and instruments with a maturity of one year or less at the time of acquisition are excluded from a fund’s turnover rate.

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 a 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 – TAM, a sub-adviser or a portfolio construction manager, allocates the fund’s assets among various asset classes and 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.

Bank Obligations: To the extent a fund invests in bank obligations, the fund will be more susceptible to negative events affecting the 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 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 achieve its objective.

CFTC Regulation – TAM has registered as a “commodity pool operator” under the Commodity Exchange Act with respect to its service as investment adviser to the fund. TAM 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. Regulation of commodity investing continues to change, and additional compliance and other expenses may be incurred.

Commodities – Because a fund may invest in commodities or instruments whose performance is linked to the price of an underlying commodity or commodity index, a fund may be subject to the risks of investing in commodities. These types of risks include regulatory, economic and political developments, weather events and natural disasters, pestilence and market

disruptions. A 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.

To the extent a fund invests in companies principally engaged in the commodities industries (including the agriculture, energy, materials and commodity-related industrial sectors) ("commodity-related companies"), the fund will be subject to the risk factors particular to each such industry. Commodity-related companies can be significantly affected by events relating to international political and economic developments, energy conservation, the success of exploration projects, commodity prices, tax and other government regulations, and natural phenomena such as drought, floods and other adverse weather conditions and livestock disease. Cyclical industries can be significantly affected by import controls, worldwide competition, changes in consumer sentiment and spending, and companies engaged in such industries can be subject to liability for, among other things, environmental damage, depletion of resources, and mandated expenditures for safety and pollution control. In addition, the commodities industries can be significantly affected by the level and volatility of commodity prices, which have historically been among the most volatile of international prices, often exceeding the volatility of exchange rates and interest rates. Investments in commodity-related companies are also subject to the risk that the performance of such companies may not correlate with broader equity market returns or with returns on commodity investments to the extent expected by a fund's sub-adviser.

Convertible Securities - Convertible securities share investment characteristics of both fixed income and equity securities. The value of these securities may vary more with fluctuations in the value of the underlying common stock than with fluctuations in interest rates. The value of convertible securities also may be less volatile than the underlying common stock. Convertible securities may include corporate notes or preferred stock, but ordinarily are a long-term debt obligation of the issuer convertible at a stated exchange rate into common stock of the issuer. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. The fund could lose money if the issuer of a convertible security is unable to meet its financial obligations or goes bankrupt.

Counterparty – The fund will be subject to credit risk (meaning the risk of adverse changes in an issuer's real or perceived financial strength) with respect to the amount it expects to receive from counterparties to derivatives, repurchase agreements and other financial contracts entered into by the fund or held by special purpose or structured vehicles. Adverse changes to counterparties may cause the value of financial contracts to go down. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the value of your investment in the fund may decline.

Conflicts of Interest – TAM 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 TAM and its affiliates gives rise to actual, potential and perceived conflicts of interest that could affect the funds and their shareholders. Certain actual and potential conflicts are described below.

TAM may have a financial incentive to implement or not implement certain changes to the funds. TAM may, from time to time, recommend a change in sub-adviser or a fund combination. TAM 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 management fee payable to TAM and/or that is sub-advised by an affiliate of TAM. TAM will also benefit to the extent that it replaces a sub-adviser with a new sub-adviser with a lower sub-advisory fee. The aggregation of assets of multiple funds for purposes of calculating breakpoints in sub-advisory fees may also give rise to conflicts of interest.

TAM manages other funds and products that have investment objectives similar to those of the funds and/or engage in transactions in the same types of securities and instruments as the funds. Such transactions could affect the prices and availability of the securities and instruments in which a fund invests, and could have an adverse impact on the fund's performance. These other accounts and products may buy or sell positions while the funds are undertaking the same or a differing, including potentially opposite, strategy, which could disadvantage the funds. A position taken by TAM, on behalf of one or more other funds or products, may be contrary to a position taken on behalf of a fund or may be adverse to a company or issuer in which the fund has invested.

Credit - If an issuer or other obligor (such as a party providing insurance or other credit enhancement) may fail to make the required payments on securities held by a fund. Debt securities also go up or down in value based on the perceived creditworthiness of their issuer or other obligors. If an obligor for a security held by a fund fails to pay, otherwise defaults or is perceived to be less creditworthy, becomes insolvent or files for bankruptcy, a security's credit rating is downgraded, or the value of any underlying assets declines, the value of your investment in the fund could decline significantly, particularly in certain market environments.

If a single entity provides credit enhancement to more than one fund's investments, the adverse effects resulting from the downgrade or default will increase the adverse effects on a fund. If a fund enters into financial contracts (such as certain derivatives, repurchase agreements, reverse repurchase agreements, and when-issued, delayed delivery and forward commitment transactions), the fund will be subject to the credit risk presented by the counterparty. In addition, a fund may incur expenses in an effort to protect the fund's interests or to enforce its rights. Credit risk is broadly gauged by the credit ratings of the securities in which a fund invests. However, ratings are only the opinions of the companies issuing them and are not guarantees as to quality. Securities rated in the lowest category of investment grade (Baa/BBB or Baa-/BBB-) may possess certain speculative characteristics.

A fund is subject to greater levels of credit risk to the extent it invests in below investment grade debt securities (that is, securities rated below the Baa/BBB categories or unrated securities of comparable quality), or "junk" bonds. These securities have a higher risk of issuer default because, among other reasons, issuers of junk bonds often have more debt in relation to total capitalization than issuers of investment grade securities. Junk bonds are considered speculative, tend to be less liquid and are more difficult to value than higher rated securities and may involve significant risk of exposure to adverse conditions and negative sentiments. These securities may be in danger of default as to principal and interest. Unrated securities of comparable quality share these risks.

A fund may invest in securities which are subordinated to more senior securities of the issuer, or which represent interests in pools of such subordinated securities. A fund is more likely to suffer a credit loss on subordinated securities than on non-subordinated securities of the same issuer. If there is a default, bankruptcy or liquidation of the issuer, most subordinated securities are paid only if sufficient assets remain after payment of the issuer's non-subordinated securities. In addition, any recovery of interest or principal may take more time. As a result, even a perceived decline in creditworthiness of the issuer is likely to have a greater impact on subordinated securities.

Currency – The value of investments in securities denominated in foreign currencies increases or decreases 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 factors such as general economic conditions, the actions of the U.S. and foreign governments or central banks, the imposition of currency controls, and speculation.

Currency Hedging - A fund may use currency futures, forwards or options to hedge against declines in the value of securities denominated in, or whose value is tied to, a currency other than the U.S. dollar or to reduce the impact of currency fluctuation on purchases and sales of such securities. These instruments may not always work as intended, and a fund may be worse off than if it had not used a hedging instrument. Shifting a fund's currency exposure from one currency to another may remove a fund's opportunity to profit from the original currency and involves a risk of increased losses for a fund if the sub-adviser's projection of future exchange rates is inaccurate.

Cybersecurity - Cybersecurity incidents may allow an unauthorized party to gain access to fund assets, customer data (including private shareholder information), or proprietary information, or cause a fund, TAM, a sub-adviser and/or its service providers (including, but not limited to, fund accountants, custodians, sub-custodians, transfer agents and financial intermediaries) to suffer data breaches, data corruption or lose operational functionality.

Deflation - Deflation risk is the possibility that prices throughout the economy decline over time — the opposite of inflation. If inflation is negative, the principal and income of an inflation-protected bond will decline and could result in losses for the fund.

Depository Receipts (ADRs) – Depository receipts may be less liquid than the underlying shares in their primary trading market. Any distributions paid to the holders of depository receipts are usually subject to a fee charged by the depository. Holders of depository receipts may have limited voting rights, and investment restrictions in certain countries may adversely impact the value of depository receipts because such restrictions may limit the ability to convert equity shares into depository receipts and vice versa. Such restrictions may cause equity shares of the underlying issuer to trade at a discount or premium to the market price of the depository receipts.

Derivatives - Derivatives involve special risks and costs and may result in losses to a fund, even when used for hedging purposes. Using derivatives can increase losses and reduce opportunities for gains when market prices, interest rates or currencies, or the derivatives themselves, behave in a way not anticipated by a fund, especially in abnormal market conditions. Using derivatives may have a leveraging effect, which may increase investment losses and may increase fund volatility, which is the degree to which the fund's share price may fluctuate within a short time period. Even a small investment in derivatives can have a disproportionate impact on a fund. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. This risk is greater for forward currency contracts, swaps and other over-the-counter traded derivatives. The other parties to derivatives transactions present the same types of credit risk as issuers of fixed-income securities. Derivatives also tend to involve greater liquidity risk and they may be difficult to value. A fund may be unable to terminate or sell its derivative positions. In fact, many over-the-counter derivatives will not have liquidity beyond the counterparty to the instrument. Derivatives are generally subject to

the risks applicable to the assets, rates, indices or other indicators underlying the derivative. The value of a derivative may fluctuate more than, or otherwise not correlate well with, the underlying assets, rates, indices or other indicators to which it relates. A fund's use of derivatives may also increase the amount of taxes payable by shareholders. The U.S. government and foreign governments are in the process of adopting and implementing regulations governing derivatives markets, including mandatory clearing and on-facility execution of certain derivatives, margin and reporting requirements. The ultimate impact of the regulations remains unclear. Additional regulation of derivatives may make derivatives more costly, may limit their availability or utility, may disrupt markets or may otherwise adversely affect their performance or value. For derivatives that are required to be cleared by a regulated clearinghouse, a fund may be exposed to risks arising from its relationship with a brokerage firm through which it would submit derivatives trades for clearing. A fund would also be exposed to counterparty risk with respect to the clearinghouse. In addition, the SEC has proposed a new rule that would change the regulation of the use of derivatives by registered investment companies, such as the fund. If the proposed rule takes effect, it could limit the ability of the fund to invest in derivatives.

Derivatives may be used by a fund for a variety of purposes, including:

- As a hedging technique in an attempt to manage risk in the fund's portfolio
- As a means of changing investment characteristics of the fund's portfolio
- As a means of attempting to enhance returns
- As a means of providing additional exposure to types of investments or market factors
- As a substitute for buying or selling securities
- As a cash flow management technique

Using derivatives, especially for non-hedging purposes, may involve greater risks to a fund than investing directly in securities, particularly as these instruments may be very complex and may not behave in the manner anticipated by the fund. Risks associated with the use of derivatives are magnified to the extent that a large portion of the fund's assets are committed to derivatives in general or are invested in just one or a few types of derivatives. Use of derivatives or similar instruments may have different tax consequences for a fund than an investment in the underlying security, and those differences may affect the amount, timing and character of income distributed to shareholders.

When a fund enters into derivative transactions, it may be required to segregate assets, or enter into offsetting positions, in accordance with applicable regulations. Such segregation will not limit the fund's exposure to loss, however, and the fund will have investment risk with respect to both the derivative itself and the assets that have been segregated to cover the fund's derivative exposure. If the segregated assets represent a large portion of the fund's portfolio, this may impede portfolio management or the fund's ability to meet redemption requests or other current obligations.

Some derivatives may be difficult to value, or may be subject to the risk that changes in the value of the instrument may not correlate well with the underlying asset, rate or index. In addition, derivatives may be subject to market risk, interest rate risk and credit risk. A fund could lose the entire amount of its investment in a derivative and, in some cases, could lose more than the principal amount invested. Also, suitable derivative instruments may not be available in all circumstances or at reasonable prices. A fund's sub-adviser may not make use of derivatives for a variety of reasons.

Risks associated with the use of derivatives are magnified to the extent that an increased portion of a fund's assets are committed to derivatives in general or are invested in just one or a few types of derivatives.

Derivatives may include, but are not limited to, the following:

- *Options.* An option is an agreement that, for a premium payment or fee, gives the option holder (the buyer) the right but not the obligation to buy (a "call option") or sell (a "put option") the underlying asset (or settle for cash an amount based on an underlying asset, rate or index) at a specified price (the exercise price) during a period of time or on a specified date. Investments in options are considered speculative. The fund may lose the premium paid for them if the price of the underlying security or other asset decreased or remained the same (in the case of a call option) or increased or remained the same (in the case of a put option). If a put or call option purchased by the fund were permitted to expire without being sold or exercised, its premium would represent a loss to the fund.

Investments in foreign currency options may substantially change a fund's exposure to currency exchange rates and could result in losses to the fund if currencies do not perform as a sub-adviser expects. There is a risk that such transactions could reduce or preclude the opportunity for gain if the value of the currency moves in the direction opposite to the position taken. Options on foreign currencies are affected by all of those factors which influence foreign exchange rates and foreign investment generally. Unanticipated changes in currency prices may result in losses to a fund and poorer overall performance for the fund than if it had not entered into such contracts. Options on foreign currencies are

traded primarily in the OTC market, but may also be traded on U.S. and foreign exchanges. Foreign currency options contracts may be used for hedging purposes or non-hedging purposes in pursuing a fund's investment objective, such as when a sub-adviser anticipates that particular non-U.S. currencies will appreciate or depreciate in value, even though securities denominated in those currencies are not then held in the fund's investment portfolio. Investing in foreign currencies for purposes of gaining from projected changes in exchange rates, as opposed to only hedging currency risks applicable to a fund's holdings, further increases the fund's exposure to foreign securities losses. There is no assurance that a sub-adviser's use of currency derivatives will benefit a fund or that they will be, or can be, used at appropriate times.

- Forwards and Futures Contracts.* The use of futures contracts is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. A futures contract is a sales contract between a buyer (holding the "long" position) and a seller (holding the "short" position) for an asset with delivery deferred until a future date. The buyer agrees to pay a fixed price at the agreed future date and the seller agrees to deliver the asset. The seller hopes that the market price on the delivery date is less than the agreed upon price, while the buyer hopes for the contrary. The liquidity of the futures markets depends on participants entering into off-setting transactions rather than making or taking delivery. To the extent participants decide to make or take delivery, liquidity in the futures market could be reduced. In addition, futures exchanges often impose a maximum permissible price movement on each futures contract for each trading session. The fund may be disadvantaged if it is prohibited from executing a trade outside the daily permissible price movement. Moreover, to the extent the fund engages in futures contracts on foreign exchanges, such exchanges may not provide the same protection as US exchanges. The loss that may be incurred in entering into futures contracts may exceed the amount of the premium paid and may be potentially unlimited. Futures markets are highly volatile and the use of futures may increase the volatility of the fund's NAV. Additionally, as a result of the low collateral deposits normally involved in futures trading, a relatively small price movement in a futures contract may result in substantial losses to the fund. Investment in these instruments involve risks, including counterparty risk (i.e., the counterparty to the instrument will not perform or be able to perform in accordance with the terms of the instrument), hedging risk (i.e., a hedging strategy may not eliminate the risk that it is intended to offset, and may offset gains, which may lead to losses within the fund) and pricing risk (i.e., the instrument may be difficult to value).
- Foreign Currency Forward Exchange Contracts:* In connection with its investments in foreign securities, a fund also may enter into contracts with banks, brokers or dealers to purchase or sell securities or foreign currencies at a future date. A foreign currency forward exchange contract is a negotiated agreement between the contracting parties to exchange a specified amount of currency at a specified future time at a specified rate. The rate can be higher or lower than the spot rate between the currencies that are the subject of the contract. Foreign currency forward exchange contracts may be used to protect against uncertainty in the level of future foreign currency exchange rates or to gain or modify exposure to a particular currency. In addition, a fund may use cross currency hedging or proxy hedging with respect to currencies in which the fund has or expects to have portfolio or currency exposure. Cross currency hedges involve the sale of one currency against the positive exposure to a different currency and may be used for hedging purposes or to establish an active exposure to the exchange rate between any two currencies. Investments in foreign currency forward exchange contracts may substantially change a fund's exposure to currency exchange rates and could result in losses to the fund if currencies do not perform as its sub-adviser expects. A sub-adviser's success in these transactions will depend principally on its ability to predict accurately the future exchange rates between foreign currencies and the U.S. dollar. Foreign currency forward exchange contracts may be used for non-hedging purposes in seeking to meet the applicable fund's investment objectives, such as when the sub-adviser anticipates that particular non-U.S. currencies will appreciate or depreciate in value, even though securities denominated in those currencies are not then held in the fund's investment portfolio. Investing in foreign currency forward exchange contracts for purposes of gaining from projected changes in exchange rates, as opposed to hedging currency risks applicable to a fund's holdings, further increases the fund's exposure to foreign securities losses. There is no assurance that a sub-adviser's use of currency derivatives will benefit a fund or that they will be, or can be, used at appropriate times.
- Swaps.* Swap contracts, including credit default swaps, involve heightened risks and may result in losses to the fund. Swaps may in some cases be illiquid and difficult to value, and they increase credit risk since the fund has exposure to both the issuer of the referenced obligation and the counterparty to the swap. If the fund buys a credit default swap, it will be subject to the risk that the credit default swap may expire worthless, as the credit default swap would only generate income in the event of a default on the underlying debt security or other specified event. As a buyer, the fund would also be subject to credit risk relating to the seller's payment of its obligations in the event of a default (or similar event). If the fund sells a credit default swap, it will be exposed to the credit risk of the issuer of the obligation to which

the credit default swap relates. As a seller, the fund would also be subject to leverage risk, because it would be liable for the full notional amount of the swap in the event of default (or similar event). Swaps may be difficult to unwind or terminate. Credit default swaps may in some cases be illiquid, and they increase credit risk since the fund has exposure to the issuer of the referenced obligation and either their counterparty to the credit default swap or, if it is a cleared transaction, the brokerage firm through which the trade was cleared and the clearing organization that is the counterparty to that trade. Certain index-based credit default swaps are structured in tranches, whereby junior tranches assume greater default risk than senior tranches. The absence of a central exchange or market for swap transactions may lead, in some instances, to difficulties in trading and valuation, especially in the event of market disruptions. New regulations require many kinds of swaps to be executed through a centralized exchange or regulated facility and be cleared through a regulated clearinghouse. Although this clearing mechanism is generally expected to reduce counterparty credit risk, it may disrupt or limit the swap market and may not result in swaps being easier to trade or value. As swaps become more standardized, the fund may not be able to enter into swaps that meet its investment needs. The fund also may not be able to find a clearinghouse willing to accept the swaps for clearing. In a cleared swap, a central clearing organization will be the counterparty to the transaction. The fund will assume the risk that the clearinghouse may be unable to perform its obligations. The new regulations may make using swaps more costly, may limit their availability, or may otherwise adversely affect their value or performance.

Distressed or Defaulted Securities – Investments in defaulted securities and obligations of distressed issuers, including securities that are, or may be, involved in reorganizations or other financial restructurings, either out of court or in bankruptcy, involve substantial risks and are considered speculative. A fund may suffer significant losses if a reorganization or restructuring is not completed as anticipated. A fund will generally not receive interest payments on the distressed securities and may incur costs to protect its investment. Repayment of defaulted securities and obligations of distressed issuers is subject to significant uncertainties. Distressed or defaulted securities and any securities received in an exchange for such securities may be subject to restrictions on resale.

Dividend Paying Stock - There is no guarantee that the issuers of the stocks held by the fund will declare dividends in the future or that, if dividends are declared, they will remain at their current levels or increase over time. The fund's emphasis on dividend-paying stocks could cause the fund to underperform similar funds that invest without consideration of a company's track record of paying dividends or ability to pay dividends in the future. Dividend-paying stocks may not participate in a broad market advance to the same degree as other stocks, and a sharp rise in interest rates or economic downturn could cause a company to unexpectedly reduce or eliminate its dividend.

Dollar Rolls – Fixed income securities with buy-back features enable the fund to recover principal upon tendering the securities to the issuer or a third party. A dollar roll transaction involves a sale by the fund of a mortgage-backed or other security concurrently with an agreement by the fund to repurchase a similar security at a later date at an agreed-upon price. The securities that are repurchased will bear the same interest rate and stated maturity as those sold, but pools of mortgages collateralizing those securities may have different prepayment histories than those sold.

The use of dollar rolls is a speculative technique involving leverage, and can have an economic effect similar to borrowing money for investment purposes. Dollar roll transactions involve the risk that the market value of the securities the fund is required to purchase may decline below the agreed upon repurchase price of those securities. If the broker/dealer to whom the fund sells securities becomes insolvent, the fund's right to purchase or repurchase securities may be restricted.

Early Close/Late Close/Trading Halt - An exchange or market may close early, close late or issue trading halts generally or on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may result in the fund being unable to buy or sell certain securities or financial instruments. In these circumstances, the fund may be unable to rebalance its fund, may be unable to accurately price its investments and/or may incur substantial trading losses.

Emerging Markets - Investments in the securities of issuers located in or principally doing business in emerging markets bear foreign investments risks. The risks associated with investing in emerging markets are greater than investing in developed foreign markets. Emerging market countries typically have economic and political systems that are less fully developed, and that can be expected to be less stable. For example, the economies of such countries can be subject to rapid and unpredictable rates of inflation or deflation. Emerging market countries may have policies that restrict investment by foreigners or that prevent foreign investors from withdrawing their money at will. Emerging market securities are often particularly sensitive to market movements because their market prices tend to reflect speculative expectations. Some emerging market countries are especially vulnerable to economic conditions in other countries. Low trading volumes may result in a lack of liquidity and in extreme price volatility. A fund investing in emerging market countries may be required to establish special custody or other arrangements before investing. An investment in emerging market securities should be considered speculative.

Equity and Market – The equity markets are volatile, and the value of securities, swaps, futures and other instruments related to the equity markets may fluctuate dramatically from day-to-day. Equity markets are subject to corporate, political, regulatory, market and economic developments, as well as developments that impact specific economic sectors, industries or segments of the market. Further, stocks in an index may underperform other equity investments. Volatility in the markets and/or market developments may cause the value of an investment in the fund to decrease. As a fund seeking investment results that correspond to two times the inverse (-2x) of an index, the fund's performance will generally decrease when market conditions cause the level of the Index to rise.

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. Because a company's equity securities rank junior in priority to the interests of bond holders and other creditors, a company's equity securities will usually react more strongly than its bonds and other debt to actual or perceived changes in the company's financial condition or prospects. If the market prices of the equity securities owned by the fund fall, the value of your investment in the fund will decline.

Exchange-Traded Notes (ETNs) - ETNs are a type of senior, unsecured, unsubordinated debt security issued by financial institutions that generally track specified market indices. Like other index-tracking instruments, ETNs are subject to the risk that the value of the index may decline, at times sharply and unpredictably. In addition, ETNs are subject to credit risk and the value of an ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market index remaining unchanged. The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying assets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political or geographic events that affect the referenced underlying asset. ETNs do not make periodic interest payments and principal is not protected. An ETN can be held until the ETN's maturity, at which time the issuer will pay a return linked to the performance of the market index to which the ETN is linked minus certain fees. When the fund invests in ETNs it will bear its proportionate share of any fees and expenses borne by the ETN. The fund's decision to sell its ETN holdings may be limited by the availability of a secondary market. In addition, although an ETN may be listed on an exchange, the issuer may not be required to maintain the listing and there can be no assurance that a secondary market will exist for an ETN.

Exchange Traded Funds (ETFs) - ETFs are pooled investment vehicles, such as registered investment companies and grantor trusts, whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. ETFs typically seek to track an index, a commodity or a basket of assets like an index fund, but trade like a stock on an exchange. A fund will bear a pro rata portion of the operating expenses of the underlying ETFs in which it invests. An investment in an ETF generally presents the same primary risks as an investment in a conventional fund (i.e., one that is not exchange-traded) that has the same investment objectives, strategies and policies. The price of an ETF can fluctuate up and down, and the fund could lose money investing in an ETF if the prices of the securities owned by the ETF go down. In addition, ETFs are subject to the following risks that do not apply to conventional funds: (i) the market price of an ETF's shares may trade at a discount to their net asset value; (ii) an active trading market for an ETF's share may not develop or be maintained; or (iii) trading of an ETF's share may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Extension - When interest rates rise, repayments of fixed income securities, particularly asset- and mortgage-backed securities, may occur more slowly than anticipated, extending the effective duration of these fixed income securities at below market interest rates and causing their market prices to decline more than they would have declined due to the rise in interest rates alone. This may cause the fund's share price to be more volatile.

Fixed-Income Securities – The market prices of fixed-income securities may go up or down, sometimes rapidly and unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates, lack of liquidity in the bond markets or adverse investor sentiment. 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. The value of your investment will generally go down when interest rates rise. Interest rates have been at historically low levels, so the fund faces a heightened risk that interest rates may rise. A rise in rates tends to have a greater impact on the prices of longer term or duration securities.

If interest rates rise, repayments of fixed-income securities may occur more slowly than anticipated by the market. This may drive the prices of these securities down because their interest rates are lower than the current interest rate and they remain

outstanding longer. This is sometimes referred to as extension risk.

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

Floating Rate Loans - Floating rate loans are often made to borrowers whose financial condition is troubled or highly leveraged. These loans frequently are rated below investment grade and are therefore subject to “High-Yield Debt Securities” risk. There is no public market for floating rate loans and the loans may trade infrequently and be subject to wide bid/ask spreads. Many floating rate loans are subject to restrictions on resale. Floating rate loans may have trade settlement periods in excess of seven days, which may result in the fund not receiving proceeds from the sale of a loan for an extended period. As a result, the fund may be subject to greater “Liquidity” risk than a fund that does not invest in floating rate loans and the fund may be constrained in its ability to meet its obligations (including obligations to redeeming shareholders). The lack of an active trading market may also make it more difficult to value floating rate loans. Rising interest rates can lead to increased default rates on floating rate loans, as borrowers find themselves faced with higher payments.

Focused Investing – To the extent the fund invests in a limited number of countries, regions, sectors, industries or market segments, or in a limited number of issuers, the fund will be more susceptible to negative events affecting those countries, regions, sectors, industries, segments or issuers, and the value of its shares may be more volatile than if it invested more widely. 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 - Investments in securities of foreign issuers (including those denominated in U.S. dollars) or issuers with significant exposure to foreign markets are subject to additional risks. Foreign countries in which a fund may invest may have markets that are less liquid, less regulated and more volatile than U.S. markets. The value of a fund’s investments may decline because of factors affecting the particular issuers as well as foreign markets and issuers generally, such as unfavorable or unsuccessful government actions, reduction of government or central bank support, political or financial instability or other adverse economic or political developments. Values may also be affected by restrictions on receiving the investment proceeds from a foreign country.

Less information may be publicly available about foreign companies than about U.S. companies. Foreign companies are generally not subject to the same accounting, auditing and financial reporting standards as are U.S. companies. Some securities issued by non-U.S. governments or their subdivisions, agencies and instrumentalities may not be backed by the full faith and credit of such governments. Even where a security is backed by the full faith and credit of a government, it may be difficult for the fund to pursue its rights against the government. Some non-U.S. governments have defaulted on principal and interest payments. In certain foreign markets, settlement and clearance procedures may result in delays in payment for or delivery of securities not typically associated with settlement and clearance of U.S. investments. In addition, a fund’s investments in foreign securities may be subject to the risk of nationalization or expropriation of assets, imposition of currency exchange controls or restrictions on the repatriation of foreign currency, confiscatory taxation, political or financial instability and adverse diplomatic developments. Dividends or interest on, or proceeds from the sale or disposition of, foreign securities may be subject to non-U.S. withholding or other taxes, and special U.S. tax considerations may apply.

Certain foreign markets may rely heavily on particular industries or foreign capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, organizations, entities and/or individuals, changes in international trading patterns, trade barriers, and other protectionist or retaliatory measures. Economic sanctions could, among other things, effectively restrict or eliminate a fund’s ability to purchase or sell securities or groups of securities for a substantial period of time, and may make the fund’s investments in such securities harder to value. International trade barriers or economic sanctions against foreign countries, organizations, entities and/or individuals, may adversely affect a fund’s foreign holdings or exposures. Investments in foreign markets may also be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets, or the imposition of punitive taxes. Governmental actions can have a significant effect on the economic conditions in foreign countries, which also may adversely affect the value and liquidity of a fund’s investments. For example, the governments of certain countries may prohibit or impose substantial restrictions on foreign investing in their capital markets or in certain sectors or industries. In addition, a foreign government may limit or cause delay in the convertibility or repatriation of its currency which would adversely affect the U.S. dollar value and/or liquidity of investments denominated in that currency. Any of these actions could severely affect security prices, impair the fund’s ability to purchase or sell foreign securities or transfer a fund’s assets back into the United States, or otherwise adversely affect the fund’s operations. Certain foreign investments may become less liquid in response to market developments or adverse investor perceptions, or become illiquid after purchase by a fund, particularly during periods of market turmoil. Certain foreign investments may become illiquid when, for instance, there are few, if any, interested buyers and

sellers or when dealers are unwilling to make a market for certain securities. When a fund holds illiquid investments, its portfolio may be harder to value.

American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”), and European Depositary Receipts (“EDRs”) are generally subject to the same risks as direct investments in foreign securities.

Frontier Markets - Frontier market countries generally have smaller economies and less developed capital markets than emerging market countries, and, as a result, the risks of investing in emerging market countries are magnified in frontier market countries. The economies of frontier market countries are generally less correlated to global economic cycles than those of their more developed counterparts and their markets have low trading volumes and the potential for extreme price volatility and illiquidity. This volatility may be further heightened by the actions of a few major investors. These factors make investing in frontier market countries significantly riskier than in other countries and any one of them could cause the price of a fund’s shares to decline.

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 can be volatile for several reasons. Since growth companies usually reinvest a high proportion of their earnings in their own businesses, they may lack the dividends often associated with the value stocks that could cushion their decline in a falling market. Also, since investors buy growth stocks because of their expected superior earnings growth, earnings disappointments often result in sharp price declines. Certain types of growth stocks, particularly technology stocks, can be extremely volatile and subject to greater price swings than the broader market. 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.

Hard Assets - To the extent a fund invests indirectly in hard assets, including real estate, precious metals and natural resources, it can be significantly affected by events relating to these industries. These events include international political and economic developments, inflation, and other factors. A fund’s indirect investments in hard assets may experience substantial price fluctuations as a result of these factors, and may move independently of the trends of industrialized companies. A fund’s investment exposure to hard assets may subject the fund to greater volatility than investments in more traditional securities.

Hedging - A fund may buy and sell futures contracts, put and call options, and forward contracts as a hedge. Some hedging strategies could hedge the fund’s portfolio against price fluctuations. Other hedging strategies would tend to increase the fund’s exposure to the securities market. Forward contracts could be used to try to manage foreign currency risks on the fund’s foreign investments. A fund’s hedging strategies may not work as intended, and a fund may be in a less favorable position than if it had not used a hedging instrument.

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, are determined to be below investment grade by the sub-adviser. High-yield debt securities have a higher risk of issuer default because, among other reasons, issuers of junk bonds often have more debt in relation to total capitalization than issuers of investment grade securities. These securities are considered speculative, tend to be less liquid and are more difficult to value than higher rated securities and may involve major risk of exposure to adverse conditions and negative sentiments. These securities may be in default or in danger of default as to principal and interest. High-yield debt securities range from those for which the prospect for repayment of principal and interest is predominantly speculative to those which are currently in default on principal or interest payments or in bankruptcy. A fund with high-yield debt securities may be more susceptible to credit risk and market risk than a fund that invests only in higher quality debt securities because these lower-rated debt securities are less secure financially and more sensitive to downturns in the economy. High-yield securities are not generally meant for short-term investing. Unrated securities of comparable quality share these risks.

Hybrid Instruments - Hybrid instruments combine elements of derivative contracts with those of another security (typically a fixed-income security). All or a portion of the interest or principal payable on a hybrid security is determined by reference to changes in the price of an underlying asset or by reference to another benchmark (such as interest rates, currency exchange rates or indices). Hybrid instruments also include convertible securities with conversion terms related to an underlying asset or benchmark. Investing in hybrid instruments involves a combination of risks, including risks of investing in securities, commodities, options, futures, and currencies. Thus, an investment in a hybrid instrument may entail significant risks in addition to those associated with traditional fixed-income or convertible securities. Hybrid instruments are also potentially more volatile and may carry greater interest rate risks than traditional instruments. Moreover, depending on the structure of the particular hybrid, it may expose a fund to leverage risks or carry liquidity risks.

Industry Concentration – Certain funds may concentrate their investments in specific industries. Concentration in a particular industry subjects a fund to the risks associated with that industry. As a result, the fund may be subject to greater price volatility

and risk of loss as a result of adverse economic, business or other developments affecting that industry than funds investing in a broader range of industries.

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 have been at historically low levels and should be expected to go up. The fund faces a heightened risk that interest rates may rise. When interest rates rise, the value of fixed income securities will generally fall. A change in interest rates will not have the same impact on all fixed-income securities. Generally, the longer the maturity or duration of a fixed-income security, the greater the impact of a rise in interest rates on the security’s value. In addition, different interest rate measures (such as short- and long-term interest rates and U.S. and foreign interest rates), or interest rates on different types of securities or securities of different issuers, may not necessarily change in the same amount or in the same direction. When interest rates go down, the income received by a fund, and the fund’s yield, may decline. A general rise in interest rates may cause investors to move out of fixed income securities on a large scale, which could adversely affect the price and liquidity of fixed income securities and could also result in increased redemptions from the fund. The maturity of a security may be significantly longer than its duration. A security’s maturity may be more relevant than its duration in determining the security’s sensitivity to other factors such as changes in credit quality or in the yield premium that the market may establish for certain types of securities.

Duration is a measure of the expected life of a fixed-income security that is used to determine the sensitivity of a security’s price to changes in interest rates. Fixed-income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Similarly, a fund with a longer average portfolio duration will generally be more sensitive to changes in interest rates than a fund with a shorter average portfolio duration. By way of example, the price of a bond fund with an average duration of five years would be expected to fall approximately 5% if interest rates rose by one percentage point.

Certain fixed-income securities pay interest at variable or floating rates. Variable rate securities tend to reset at specified intervals, while floating rate securities may reset whenever there is a change in a specified index rate. In most cases, these reset provisions reduce the impact of changes in market interest rates on the value of the security. However, some securities do not track the underlying index directly, but reset based on formulas that may produce a leveraging effect; others may also provide for interest payments that vary inversely with market rates. The market prices of these securities may fluctuate significantly when interest rates change. A fund’s yield may decline due to a decrease in market interest rates.

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.

IPOs - Securities offered in initial public offerings (IPOs) are subject to many of the same risks of investing in companies with smaller market capitalizations and often to a heightened degree. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile. At any particular time or from time to time, a fund may not be able to invest in securities issued in IPOs, or invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be made available to a fund.

Large Capitalization Companies – The fund’s investments in large capitalization companies may underperform other segments of the market because they may be less responsive to competitive challenges and opportunities and unable to attain high growth rates during periods of economic expansion.

Legal and Regulatory – Legal and regulatory changes could occur that may adversely affect the fund, its investments, and its ability to pursue its investment strategies and/or increase the costs of implementing such strategies. Certain changes have already been proposed and additional changes are expected. New or revised laws or regulations may be imposed by the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the Internal Revenue Service, the U.S. Federal Reserve or other governmental regulatory authorities or self-regulatory organizations that could adversely affect the fund. The

fund also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.

Leveraging - The value of your investment may be more volatile to the extent a fund borrows or uses derivatives or other investments, such as ETFs, that have embedded leverage. Other risks also will be compounded. Leverage generally magnifies the effect of a change in the value of an asset and creates a risk of loss of value on a larger pool of assets than the fund would otherwise have, potentially resulting in the loss of all assets. The fund also may have to sell assets at inopportune times to satisfy its obligations or meet segregation requirements. The use of leverage is considered to be a speculative investment practice that may result in the loss of a substantial amount, and possibly all, of the fund's assets.

Liquidity - A fund may make investments that are illiquid or that become illiquid after purchase. Investments may become illiquid due to the lack of an active market, a reduced number of traditional market participants, or reduced capacity of traditional market participants to make a market in securities. The liquidity and value of investments can deteriorate rapidly and those investments may be difficult or impossible for a fund to sell, particularly during times of market turmoil. Markets may become illiquid when, for instance, there are few, if any interested buyers or sellers or when dealers are unwilling to make a market for certain securities. As a general matter, dealers recently have been less willing to make markets for fixed income securities. These illiquid investments can be difficult to value. If a fund is forced to sell an illiquid investment to meet redemption requests or other cash needs, the fund may be forced to sell at a loss. In addition, certain securities, once sold by a fund, may not settle for an extended period (for example, several weeks or even longer). The fund will not receive its sales proceeds until that time, which may constrain the fund's ability to meet its obligations (including obligations to redeeming shareholders). Further, when there is illiquidity in the market for certain investments, a fund, due to limitations on illiquid investments, may be unable to achieve its desired level of exposure to a certain sector or asset class.

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.

A fund may invest in certain commercial loans, including loans generally known as "syndicated bank loans," by acquiring participations or assignments in such loans. The lack of a liquid secondary market for such securities may have an adverse impact on the value of the securities and a fund's ability to dispose of particular assignments or participations when necessary to meet redemptions of shares or to meet a fund's liquidity needs. When purchasing a participation, a fund may be subject to the credit risks of both the borrower and the lender that is selling the participation. When purchasing a loan assignment, a fund acquires direct rights against the borrowers, but only to the extent of those held by the assigning lender. Investment in loans through a direct assignment from the financial institution's interests with respect to a loan may involve additional risks to a fund.

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. Second lien loans are secured by the assets of the issuer. In a typical structure, the claim on collateral and right of payment of second lien loans are junior to those of first-lien loans. Subordinated bridge loans are loans that are intended to provide short-term financing to provide a "bridge" to an asset sale, bond offering, stock offering, or divestiture. Generally, bridge loans are provided by arrangers as part of an overall financing package. Typically, the issuer will agree to increasing interest rates if the loan is not repaid as expected. A subordinated bridge loan is junior to a senior bridge loan in right of payment.

There may be no active trading market for loans. Loans may have settlement periods in excess of seven days. Failure to receive sales proceeds on a timely basis may constrain a fund's ability to meet its obligations (including obligations to redeeming shareholders).

Certain courts have determined that loans are not securities and, therefore, purchasers such as a fund may not be entitled to the anti-fraud protections of the federal securities laws, including the prohibitions on insider trading.

Management - Each fund is subject to the risk that TAM's or a sub-adviser's judgments and decisions may be incorrect or otherwise may not produce the desired results. The value of your investment in a fund may decrease if TAM's or a sub-adviser's judgment about the quality, relative yield or value of, or market trends affecting, a particular security or issuer, industry, sector, region or market segment, or about the economy or interest rates, is incorrect. A fund may also suffer losses if there are imperfections, errors or limitations in the tools, resources, information and data used, or the analyses employed or relied on, by its sub-adviser, or if the sub-adviser's investment style is out of favor or otherwise fails to produce the desired results. A fund's investment strategies designed by the investment manager or a sub-adviser may not work as intended. In addition, a fund's investment strategies or policies may change from time to time. Those changes may not lead to the results intended by the

investment manager or a sub-adviser and could have an adverse effect on the value or performance of the fund. Any of these things could cause a fund to lose value or its results to lag relevant benchmarks or other funds with similar objectives.

Market - The market prices of a fund's securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates or currency rates, lack of liquidity in the markets or adverse investor sentiment. Adverse market conditions may be prolonged and may not have the same impact on all types of securities. Market prices of securities also may go down due to events or conditions that affect particular sectors, industries or issuers. When market prices fall, the value of your investment will go down. A fund may experience a substantial or complete loss on any individual security.

In the past several years, financial markets, such as those in the United States, Europe, Asia and elsewhere, have experienced increased volatility, depressed valuations, decreased liquidity and heightened uncertainty. Governmental and non-governmental issuers defaulted on, or were forced to restructure, their debts. These market conditions may continue, worsen or spread.

The U.S. government and the Federal Reserve, as well as certain foreign governments and central banks have taken steps to support financial markets. Government intervention may not work as intended, particularly if the efforts are perceived by investors as being unlikely to achieve the desired results. The Federal Reserve recently has reduced its market support activities. Further reduction or withdrawal of Federal Reserve or other U.S. or non-U.S. governmental or central bank support, including interest rate increases, could negatively affect financial markets generally, increase market volatility and reduce the value and liquidity of securities in which a fund invests.

Policy and legislative changes in the United States and in other countries are affecting many aspects of financial regulation, and may in some instances contribute to decreased liquidity and increased volatility in the financial markets. The impact of these changes on the markets, and the practical implications for market participants, may not be fully known for some time.

Economies and financial markets throughout the world are becoming increasingly interconnected. As a result, whether or not a fund invests in securities of issuers located in or with significant exposure to countries experiencing economic and financial difficulties, the value and liquidity of a fund's investments may be negatively affected.

Europe. A number of countries in Europe have experienced severe economic and financial difficulties. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. These difficulties may continue, worsen or spread within and without Europe. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. 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 addition, voters in the United Kingdom have approved withdrawal from the European Union. Other countries may seek to withdraw from the European Union and/or abandon the euro, the common currency of the European Union. A number of countries in Europe have suffered terror attacks, and additional attacks may occur in the future. The Ukraine has experienced ongoing military conflict; this conflict may expand and military conflicts could potentially occur elsewhere in Europe. Europe has also been struggling with mass migration from the Middle East and Africa. The ultimate effects of these events and other socio-political or geopolitical issues are not known but could profoundly affect global economies and markets. Whether or not a fund invests in securities of issuers located in Europe or with significant exposure to European issuers or countries, these events could negatively affect the value and liquidity of the fund's investments.

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 a 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. Further,

rising interest rates could adversely impact the financial performance of MLPs and other issuers in the energy sector by increasing their cost of capital. This may reduce their ability to execute acquisitions or expansion projects in a cost-effective manner.

The value of a 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. In that case, the MLP would be subject to U.S. federal income taxation, and distributions received by the fund generally would be taxed as dividend income. If any of the MLPs owned by a fund were treated as corporations for U.S. federal income tax purposes, the after-tax return to the fund with respect to its investment in such MLPs could be materially reduced, which could cause a substantial decline in the value of the fund's shares.

Depreciation or other cost recovery deductions passed through to a fund from investments in MLPs in a given year will generally reduce the fund's taxable income, but those deductions may be recaptured in the fund's income in one or more subsequent years. When recognized and distributed, recapture income will generally be taxable to shareholders at the time of the distribution at ordinary income tax rates, even though those shareholders might not have held shares in the fund at the time the deductions were taken by the fund, and even though those shareholders may not have corresponding economic gain on their shares at the time of the recapture. In order to distribute recapture income or to fund redemption requests, a fund may need to liquidate investments, which may lead to additional recapture income.

Medium Capitalization Companies – Investing in medium capitalization companies involves greater risk than is customarily associated with more established companies. The prices of securities of medium capitalization companies generally are more volatile and are more likely to be adversely affected by changes in earnings results and investor expectations or poor economic or market conditions. Securities of medium 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. Such companies usually do not pay significant dividends that could cushion returns in a falling market.

Model and Data - Certain sub-advisers may utilize quantitative models, algorithms or calculations (whether proprietary and developed by the sub-adviser or supplied by third parties) ("Models") or information or data supplied by third parties ("Data"). Models and Data are used to construct sets of transactions and investments, to provide risk management insights, and to assist in hedging the fund's investments.

If Models and Data prove to be incorrect or incomplete, any decisions made, in whole or part, in reliance thereon expose a fund to additional risks. For example, by utilizing Models or Data, a sub-adviser may buy certain investments at prices that are priced too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful. A fund bears the risk that Models or Data used by its sub-adviser will not be successful in determining the size, direction, and/or weighting of investment positions that will enable the fund to achieve its investment objective.

Models can be predictive in nature. The use of predictive Models has inherent risks. For example, such Models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. In addition, in unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such Models may produce unexpected results, which can result in losses for a fund. Furthermore, the success of relying on or otherwise using Models depends on a number of factors, including the validity, accuracy and completeness of the Model's development, implementation and maintenance, the Model's assumptions, factors, algorithms and methodologies, and the accuracy and reliability of the supplied historical or other Data.

Models rely on, among other things, correct and complete Data inputs. If incorrect Data is entered into even a well-founded Model, the resulting information will be incorrect. However, even if Data is input correctly, Model prices may differ substantially from market prices, especially for securities with complex characteristics. Investments selected with the use of Models may perform differently than expected as a result of the design of the Model, inputs into the Model or other factors. To address these issues, a sub-adviser evaluates the performance of the Models utilized, including Model prices and outputs versus recent transactions or similar securities, and as a result, such Models may be modified from time to time. There can be no assurance that the use of Models will result in effective investment decisions for a fund.

Money Market Fund Reform - Each money market fund operates as a "government" money market fund under new federal regulations. The funds continue to use the special pricing and valuation conventions that currently facilitate a stable share price of \$1.00, although there is no guarantee that the funds will be able to maintain a \$1.00 share price. The funds do not currently intend to avail themselves of the ability to impose "liquidity fees" and/or "gates" on fund redemptions, as permitted under the new regulations. However, the Board reserves the right, with notice to shareholders, to change this policy, thereby permitting

the funds to impose such fees and gates in the future.

Money Market Funds – An investment in a money market fund is not a bank deposit, and is not insured or guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) or any other government agency. Although money market funds generally seek to maintain a stable net asset value of \$1.00 per share, it is possible to lose money by investing in a money market fund.

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 (formally known as Federal National Mortgage Association) or Freddie Mac (formally known as Federal Home Loan Mortgage Corporation) or by agencies of the U.S. government, such as the Government National Mortgage Association (“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. Certain asset-backed securities present a heightened level of risk because, in the event of default, the liquidation value of the underlying assets may be inadequate to pay any unpaid principal or interest.

The value of mortgage-backed and asset-backed securities may be affected by changes in credit quality or value of the mortgage loans or other assets that support the securities. 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. For mortgage-backed securities, when market conditions result in an increase in the default rates on the underlying mortgages and the foreclosure values of the underlying real estate are below the outstanding amount of the underlying mortgages, collection of the full amount of accrued interest and principal on these investments may be doubtful.

Mortgage-backed and asset-backed securities are subject to prepayment or call and extension risks. The structure of some of these securities may be complex and there may be less available information than for other types of debt securities. Upon the occurrence of certain triggering events or defaults, the 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.

Municipal Securities - Issuers of municipal securities tend to derive a significant portion of their revenue from taxes, particularly property and income taxes, and decreases in personal income levels and property values and other unfavorable economic factors, such as a general economic recession, adversely affect municipal securities. Municipal issuers may also be adversely affected by rising health care costs, increasing unfunded pension liabilities and by the phasing out of federal programs providing financial support. Where municipal securities are issued to finance particular projects, especially those relating to education, health care, transportation, housing, water or sewer and utilities, issuers often depend on revenues from those projects to make principal and interest payments. Adverse conditions and developments in those sectors can result in lower revenues to issuers of municipal securities and can also have an adverse affect on the broader municipal securities market. To the extent the fund invests significantly in a single state, or in securities the payments on which are dependent upon a single project or source of revenues, or that relate to a sector or industry, such as health care, the fund will be more susceptible to associated risks and developments. Municipal issuers may be more susceptible to downgrades or defaults during recessions or similar periods of economic stress. In recent periods an increasing number of municipal issuers have defaulted on obligations, commenced insolvency proceedings, or suffered credit downgrading. Financial difficulties of municipal issuers may continue to worsen.

There may be less public information available on municipal issuers or projects than other issuers, and valuing municipal securities may be more difficult. In addition, the secondary market for municipal securities is less well developed and liquid than other markets, and dealers may be less willing to offer and sell municipal securities in times of market turbulence. Changes in the financial condition of one or more individual municipal issuers (or one or more insurers of municipal issuers), or one or more defaults by municipal issuers or insurers, can adversely affect liquidity and valuations in the overall market for municipal securities. The value of municipal securities can also be adversely affected by regulatory and political developments affecting the ability of municipal issuers to pay interest or repay principal, actual or anticipated tax law changes or other legislative actions, and by uncertainties and public perceptions concerning these and other factors.

The rate of interest paid on municipal securities normally is lower than the rate of interest paid on fully taxable securities. Some

municipal securities, such as general obligation issues, are backed by the issuer's taxing authority, while other municipal securities, such as revenue issues, are backed only by revenues from certain facilities or other sources and not by the issuer itself.

The municipal market can be susceptible to unusual volatility, particularly for lower-rated and unrated securities. Liquidity can be reduced unpredictably in response to overall economic conditions or credit tightening.

To the extent that the fund invests in municipal securities whose issuers are located in a single state, such as California, the fund will be more susceptible to economic, political and other developments that may adversely affect issuers in that state than are funds whose portfolios are more geographically diverse. These developments may include state or local legislation or policy changes, voter-passed initiatives, erosion of the tax base or reduction in revenues of the state or one or more local governments, the effects of terrorist acts or the threat of terrorist acts, the effects of possible natural disasters, or other economic or credit problems affecting the state generally or any individual locality. The major sources of revenues for local government, property taxes and sales taxes, as well as fees based on real estate development, are all adversely affected by the recent economic recession. Unfavorable developments in any economic sector may adversely affect a particular state's overall municipal market. Historically, California's economy has been more volatile than that of the nation as a whole. Although California has a relatively diversified economy, California has concentrations in high technology, trade, entertainment, agriculture, manufacturing, tourism, construction, government and services.

Non-Diversification – The fund is classified as “non-diversified,” which means it may invest a larger percentage of its assets in a smaller number of issuers than a diversified fund. To the extent the fund invests its assets in a smaller number of issuers, the fund will be more susceptible to negative events affecting those issuers than a diversified fund.

Portfolio Turnover - Daily rebalancing of portfolio holdings, which is required to keep inverse leverage consistent with a single day investment objective, will cause a higher level of portfolio transactions than compared to most funds. Also, active trading of the fund's shares may cause more frequent purchase and sales activities that could, in certain circumstances, increase the number of portfolio transactions. High levels of transactions increase brokerage and other transaction costs and may result in increased taxable capital gains.

Preferred Stock – Preferred stock represents an interest in a company that generally entitles the holder to receive, in preference to the holders of the company's common stock, dividends and a fixed share of the proceeds resulting from any liquidation of the company. Preferred stock's right to dividends and liquidation proceeds is junior to the rights of a company's debt securities. Preferred stocks may pay fixed or adjustable rates of return. 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. Preferred stock does not generally carry voting rights.

Prepayment or Call - Many fixed income securities give the issuer the option to repay or call the security prior to its maturity date. Issuers often exercise this right when interest rates fall. Accordingly, if a fund holds a fixed income security subject to prepayment or call risk, it will not benefit fully from the increase in value that other fixed income securities generally experience when interest rates fall. Upon prepayment of the security, a fund would also be forced to reinvest the proceeds at then current yields, which would be lower than the yield of the security that was paid off. This may adversely affect a fund's net asset value. In addition, if a fund purchases a fixed income security at a premium (at a price that exceeds its stated par or principal value), the fund may lose the amount of the premium paid in the event of prepayment.

Privately Placed Securities - A fund's investments may also include privately placed securities, which are subject to resale restrictions. These securities will have the effect of increasing the level of a fund's illiquidity to the extent the fund may be unable to sell or transfer these securities due to restrictions on transfers or on the ability to find buyers interested in purchasing the securities. The illiquidity of the market may also adversely affect the ability of a fund's board to arrive at a fair value for certain securities at certain times and could make it difficult for a fund to sell certain securities.

Puerto Rico Municipal Securities - Municipal securities of issuers located in the Commonwealth of Puerto Rico may be affected by political, social and economic conditions in Puerto Rico. Puerto Rico's economy has been in a recession since late 2006, which has contributed to a steep increase in unemployment rates, funding shortfalls of state employees' retirement systems, a budget deficit resulting from a structural imbalance, and reduced government revenues. Recently, Puerto Rico has defaulted on certain general obligation bonds and agency debt payments and there may be additional defaults. If issuers of Puerto Rico municipal securities held by the fund default on their obligations, the fund may lose the value of those investments. Although Puerto Rico is a U.S. territory, neither Puerto Rico nor its subdivisions or agencies are eligible to file under U.S. bankruptcy law in order to seek protection from creditors or restructure their debt. Congress recently passed legislation that creates an oversight

board to control Puerto Rico's finances and restructure its debts. The actions of the oversight board could negatively impact the value and liquidity of the fund's investments in Puerto Rico municipal securities.

Real Estate Securities – Investments in the real estate industry are subject to risks associated with direct investment in real estate. These risks may include, without limitation:

- declining real estate value
- risks relating to general and local economic conditions
- over-building
- increased competition for assets in local and regional markets
- increases in property taxes
- increases in operating expenses or interest rates
- change in neighborhood value or the appeal of properties to tenants
- insufficient levels of occupancy
- inadequate rents to cover operating expenses

The performance of securities issued by companies in the real estate industry also may be affected by prudent management of insurance risks, adequacy of financing available in capital markets, competent management, changes in applicable laws and government regulations (including taxes) and social and economic trends.

Redemption - A fund may experience periods of heavy redemptions that could cause the fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. In that event, the value of your investment in the fund would go down. Redemption risk is greater to the extent that a fund has investors with large shareholdings, short investment horizons, or unpredictable cash flow needs. In addition, redemption risk is heightened during periods of overall market turmoil. The redemption by one or more large shareholders of their holdings in a fund could hurt performance and/or cause the remaining shareholders in the fund to lose money. Further, if one decision maker exercises control over fund shares owned by other fund shareholders, including clients or affiliates of the Investment Manager and/or sub-advisers, redemptions by these shareholders may further increase the impact on the fund.

Regulatory - The U.S. government is in the process of adopting and implementing regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin, reporting and registration requirements. The ultimate impact of the regulations remains unclear. Additional U.S. or other regulations may make derivatives more costly, may limit the availability of derivatives, or may otherwise adversely affect the value or performance of derivatives. The Dodd-Frank Wall Street Reform Act (the "Reform Act") substantially increases regulation of the over-the-counter ("OTC") derivatives market and participants in that market, including imposing clearing and reporting requirements on transactions involving instruments that fall within the Reform Act's definition of "swap" and "security-based swap," which terms generally include OTC derivatives, and imposing registration and potential substantive requirements on certain swap and security-based swap market participants. In addition, under the Reform Act, a fund may be subject to additional recordkeeping and reporting requirements. Other future regulatory developments may also impact a fund's ability to invest or remain invested in certain derivatives. Legislation or regulation may also change the way in which a fund itself is regulated. The impact of any new governmental regulation that may be implemented on the ability of a fund to use swaps or any other financial derivative product is not known at this time, and there can be no assurance that any new governmental regulation will not adversely affect the fund's ability to achieve its investment objective.

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. A decline in rental income could occur because of extended vacancies, increased competition from other properties, tenants' failure to pay rent or poor management. A REIT's performance also depends on the company's ability to finance property purchases and renovations and manage its cash flows. Because REITs are typically invested in a limited number of projects or in a particular market segment, they are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. 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. U.S. REITs are subject to a number of highly technical tax-related rules and requirements. A failure to qualify for the favorable U.S. federal income tax treatment generally available to U.S. REITs, or changes in the treatment of U.S. REITs under the federal tax law, could adversely affect the value of a particular REIT or the market for REITs as a whole.

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, a fund could lose money. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, a fund's ability to dispose of the underlying securities may be restricted. In addition, if the fund is characterized by a court as an unsecured creditor, it would be at risk of losing some or all of the principal and interest involved in the transaction.

Rule 144A and Privately Placed Securities - "Rule 144A" and other privately placed securities are securities that are not registered for sale to the public and thus are considered "restricted." They may only be resold to certain qualified institutional buyers. An insufficient number of qualified institutional buyers interested in purchasing a Rule 144A security held by a fund could adversely affect the marketability of such security and a fund might be unable to dispose of such security promptly or at reasonable prices.

Russian Securities - In response to political and military actions undertaken by Russia, the United States and the European Union have instituted numerous sanctions against certain Russian officials and Bank Rossiya. These sanctions, and any additional sanctions or other intergovernmental actions that may be undertaken against Russia in the future, may result in the devaluation of Russian currency, a downgrade in the country's credit rating, and a decline in the value and liquidity of securities offered by Russian issuers. These sanctions and any other intergovernmental actions could result in the immediate freeze of Russian securities, including securities in the form of ADRs, impairing the ability of a fund to buy, sell, receive or deliver those securities. Retaliatory action by the Russian government could involve the seizure of U.S. and/or European residents' assets and any such actions are likely to impair the value and liquidity of such assets. Any or all of these potential results could push Russia's economy into a recession. These sanctions and any other intergovernmental actions, and the continued disruption of the Russian economy, could have a negative effect on the performance of funds that have significant exposure to Russia.

Short Sales - A short sale may be effected by selling a security that a fund does not own. In order to deliver the security to the purchaser, a fund borrows the security, typically from a broker-dealer or an institutional investor. A fund later closes out the position by returning the security to the lender. If the price of the security sold short increases, a fund would incur a loss; conversely, if the price declines, a fund will realize a gain. Although the gain is limited by the price at which the security was sold short, the loss is potentially unlimited. A fund's use of short sales in an attempt to improve performance or to reduce overall portfolio risk may not be successful and may result in greater losses or lower positive returns than if a fund held only long positions. A fund may be unable to close out a short position at an acceptable price, and may have to sell related long positions at disadvantageous times to produce cash to unwind a short position. Short selling involves higher transaction costs than typical long-only investing. A fund may also take a short position in a derivative instrument, such as a forward, future or swap. A short sale may also be effected "against the box" if, at all times when the short position is open, a fund contemporaneously owns or has the right to obtain at no additional cost securities identical to those sold short. In the event that a fund were to sell securities short "against the box" and the price of such securities were to then increase rather than decrease, a fund would forego the potential realization of the increased value of the shares sold short.

Small and Medium Capitalization Companies - Investing in small- and medium-sized companies involves greater risk than is customarily associated with more established companies. 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. Smaller 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.

Sovereign Debt - Sovereign debt instruments, which are debt obligations issued or guaranteed by a foreign governmental entity, are subject to the risk that the governmental entity may delay or fail to pay interest or repay principal on debt that it has issued or guaranteed, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, relationships with other lenders such as commercial banks, the relative size of the governmental entity's debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies. If a governmental entity defaults, it may ask for more time in which to pay or for further loans, or it may ask for forgiveness of interest or principal on its existing debt. On the other hand, a governmental entity may be unwilling to renegotiate the terms of its sovereign debt. There may be no established legal process for a U.S. bondholder (such as a fund) to enforce its rights against a governmental entity that does not fulfill its obligations, nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected.

Certain countries in Europe currently have large sovereign debts and/or fiscal deficits which has led to significant uncertainties

in the market as to whether or not the governments of those countries will be able pay in full and on time the amounts due in respect of those debts.

Structured Instruments - A fund may invest in, or have exposure to, various types of structured instruments, including securities that have demand, tender or put features, or interest rate reset features. These may include instruments issued by structured investment or special purpose vehicles or conduits, and may be asset-backed or mortgage-backed securities. Structured instruments may take the form of participation interests or receipts in underlying securities or other assets, and in some cases are backed by a financial institution serving as a liquidity provider. Some of these instruments may have an interest rate swap feature which substitutes a floating or variable interest rate for the fixed interest rate on an underlying security, and some may be asset-backed or mortgage-backed securities. Structured instruments are a type of derivative instrument and the payment and credit qualities of these instruments derive from the assets embedded in the structure from which they are issued. For structured securities that have embedded leverage features, small changes in interest or prepayment rates may cause large and sudden price movements. Structured instruments are often subject to heightened liquidity risk. Structured instruments may behave in ways not anticipated by the fund, or they may not receive the tax, accounting or regulatory treatment anticipated by the fund.

Subsidiary – Certain funds invest in wholly-owned subsidiaries organized under the laws of the Cayman Islands (a “Subsidiary”). By investing in a Subsidiary, a fund will be indirectly exposed to the risks associated with a Subsidiary’s investments. The derivatives and other investments that will be held by a Subsidiary are generally similar to those that are permitted to be held by the applicable fund and will be subject to the same risks that apply to similar investments if held directly by the fund. There can be no assurance that the investment objective of the Subsidiary will be achieved. The Subsidiaries are not registered under the 1940 Act, and are not subject to the investor protections of the 1940 Act. Certain regulated investment companies received private letter rulings from the Internal Revenue Service (“IRS”) with respect to their investments in Cayman entities. The IRS is no longer issuing private letter rulings on structures of this kind. Under proposed Treasury regulations, certain income derived by a fund from a foreign wholly-owned subsidiary, such as a Subsidiary, that invests in commodities and commodity-linked derivatives would generally constitute “qualifying income” for purposes of the source-of-income restrictions applicable to regulated investment companies, only to the extent the wholly-owned subsidiary makes distributions to the fund. If the proposed Treasury regulations are finalized in their current form, each Subsidiary intends to make all necessary distributions such that a fund’s income derived from the Subsidiary will constitute “qualifying income.” There can be no assurance that the IRS will not revoke the private letter ruling it issued to Transamerica Managed Futures Strategy. It is possible that any such revocation could be retroactive to a date to be specified by the IRS. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of a fund and/or a Subsidiary to operate as intended and could adversely affect the applicable fund.

Tactical Asset Allocation – Tactical asset allocation is an investment strategy that actively adjusts a fund’s asset allocation. The fund’s tactical asset management discipline may not work as intended. The fund may not achieve its objective and may not perform as well as other funds using other asset management styles, including those based on fundamental analysis (a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other factors) or strategic asset allocation (a strategy that involves periodically rebalancing the fund in order to maintain a long-term goal for asset allocation). The sub-adviser’s evaluations and assumptions in selecting underlying funds or individual securities may be incorrect in view of actual market conditions, and may result in owning securities that under perform other securities. The management process might also result in the fund having exposure to asset classes, countries or regions, or industries or groups of industries that underperform other management styles. In addition, the fund’s risk profile with respect to particular asset classes, countries and regions, and industries may change at any time based on the sub-adviser’s allocation decisions.

Tax - In order to qualify for treatment as a RIC under the Internal Revenue Code, each fund must meet certain requirements regarding the composition of its income, the diversification of its assets, and the amounts of its distributions. In particular, a fund must generally diversify its holdings so that, at the end of each quarter of each taxable year, at least 50% of the value of the fund’s total assets is represented by (1) cash and cash items, U.S. government securities, securities of other regulated investment companies, and (2) other securities, with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of the fund’s total assets and to not more than 10% of the outstanding voting securities of such issuer. If a fund were to fail to meet any of these requirements, the fund might not be eligible for treatment as a RIC, in which case it would be subject to federal income tax on its net income at corporate rates (without reduction for distributions to shareholders). The fund may be able to preserve its RIC qualification by meeting certain conditions, in which case it may be subject to certain additional taxes.

Any income a fund derives from investments in certain hard asset ETFs, such as certain commodity ETFs, and from other non-qualifying sources must be limited to a maximum of 10% of the fund’s gross income. If a fund fails to meet the 10% requirement, the fund may be subject to the federal income tax consequences described in the preceding paragraph. A fund may invest no more than 25% of its total assets in the securities of entities treated as qualified publicly traded partnerships for federal income tax purposes. If a fund fails

to meet the 25% requirement, the fund may be subject to the federal income tax consequences described in the preceding paragraph. Please note that there are other factors that could adversely affect your investment in a fund and that could prevent the fund from achieving its investment objective. Before investing, you should carefully consider the risks that you will assume.

Taxable Investments – Although distributions of interest income from the fund’s tax-exempt securities are generally exempt from regular federal income tax, distributions from other sources, including capital gain distributions and any gains on the sale of your shares are not. In addition, the interest on the fund’s municipal securities could become subject to regular federal income tax due to noncompliant conduct by issuers, unfavorable legislation or litigation, or adverse interpretations by regulatory authorities. You should consult a tax adviser about whether an alternative minimum tax applies to you and about state and local taxes on your fund distributions.

To Be Announced (TBA) Transactions - Although the securities that are delivered in TBA transactions must meet certain standards, there is a risk that the actual securities received by a fund may be less favorable than what was anticipated when entering into the transaction. TBA transactions also involve the risk that a counterparty will fail to deliver the security, exposing the fund to further losses. Whether or not the fund takes delivery of the securities at the termination date of a TBA transaction, it will nonetheless be exposed to changes in the value of the underlying investments during the term of the agreement.

Underlying Exchange Traded Funds - Because the fund invests its assets in various underlying ETFs, its ability to achieve its investment objective depends largely on the performance of the underlying ETFs in which it invests. Investing in underlying ETFs subjects the fund to the risks of investing in the underlying securities or assets held by those ETFs. Each of the underlying ETFs in which the fund may invest has its own investment risks, and those risks can affect the value of the underlying ETFs’ shares and therefore the value of the fund’s investments. There can be no assurance that the investment objective of any underlying ETF will be achieved. To the extent that the fund invests more of its assets in one underlying ETF than in another, the fund will have greater exposure to the risks of that underlying ETF. In addition, the fund will bear a pro rata portion of the operating expenses of the underlying ETFs in which it invests.

An investment in an ETF generally presents the same primary risks as an investment in a conventional fund (i.e., one that is not exchange-traded) that has the same investment objectives, strategies and policies. The price of an ETF can fluctuate up and down, and the fund could lose money investing in an ETF if the prices of the securities owned by the ETF go down. In addition, ETFs are subject to certain risks that do not apply to conventional funds, including: (i) the market price of an ETF’s shares may be above or below the shares’ net asset value; (ii) during periods of market volatility, the share prices of ETFs may deviate significantly from their NAVs; (iii) an active trading market for an ETF’s shares may not develop or be maintained; (iv) trading of an ETF’s shares may be halted if the listing exchange’s officials deem such action appropriate, the shares are delisted from the exchange, the activation of market-wide “circuit breakers” (which are tied to large decreases in stock prices) halts stock trading generally, or trading in one or more of the ETF’s underlying securities is halted, which could result in the ETF being more volatile; or (v) a limited number of institutions may act as authorized participants to create or redeem block-sized units of ETF shares. In the event substantial market or other disruptions affecting ETFs should occur in the future, the liquidity and value of the fund’s shares could also be substantially and adversely affected.

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, such as the Federal Housing Administration and Ginnie Mae, present little credit risk. Other 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, subject to certain limitations, such as securities issued by Federal Home Loan Banks and securities issued by agencies and instrumentalities sponsored by the U.S. government that are supported only by the credit of the issuing agencies, such as Freddie Mac and Fannie Mae, are subject to a greater degree of credit risk.

Valuation - Many factors may influence the price at which the fund could sell any particular portfolio investment. The sales price may well differ higher or lower from the fund’s last valuation, and such differences could be significant, particularly for illiquid securities, securities priced based upon valuations provided by third-party pricing services that use matrix or evaluated pricing systems, and securities that trade in relatively thin markets and/or markets that experience extreme volatility. If market conditions make it difficult to value some investments, the fund may value these investments using more subjective methods, such as fair value methodologies. Investors who purchase or redeem fund shares on days when the fund is holding fair-valued securities may receive a greater or lesser number of shares, or greater or lower redemption proceeds, than they would have received if the fund had not fair-valued the securities or had used a different valuation methodology. The value of foreign securities, certain fixed income securities and currencies, as applicable, may be materially affected by events after the close of the markets on which they are traded, but before a fund determines its net asset value. The fund’s ability to value its investments may be impacted by technological issues and/or errors by pricing services or other third party service providers.

Value Investing - The value approach carries the risk that the market will not recognize a security's intrinsic value for a long time, or that a stock considered to be undervalued may actually be appropriately priced. A fund may underperform other equity funds that use different investing styles. A fund may also underperform other equity funds using the value style. 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.

Volatility Constraints - Certain funds are subject to volatility constraints. Under these constraints, the maximum amount of exposure to the equities of the fund is based, in part, on the level of volatility of and changes in the equity markets. The constraints are intended to improve absolute and risk-adjusted returns but may not work as intended. The constraints may result in the fund not achieving its stated asset mix goal. The constraints are based on algorithms. If the algorithms prove to be incorrect or incomplete, any decisions made in reliance thereon expose the fund to additional risks. The use of algorithms has inherent risks, and the success of relying on or otherwise using an algorithm depends, among other things, on the validity, accuracy and completeness of the algorithm's development, implementation and maintenance; on the algorithm's assumptions and methodologies; and on the accuracy and reliability of the supplied data. Because market conditions change, sometimes rapidly and unpredictably, the success of the constraints also will be subject to the sub-adviser's ability to implement the constraints in a timely and efficient manner. The constraints may result in periods of underperformance, may limit the fund's ability to participate in rising markets, may increase transaction costs at the fund and/or underlying fund level, and may result in substantial losses if they do not work as intended. The constraints also serve to reduce the risk to the Transamerica insurance companies that provide guaranteed benefits under certain variable contracts from equity market volatility and to facilitate their provision of those guaranteed benefits. The constraints also may have the effect of limiting the amount of guaranteed benefits. The fund's performance may be lower than similar funds that are not subject to volatility constraints. The use of derivatives in connection with the volatility constraints may expose the fund to different and potentially greater risks than if it had only invested directly in underlying funds.

Volatility Target - Certain funds utilize an investment strategy that focuses on the management of fund volatility. There can be no assurance that the fund will meet its annualized volatility target. The annualized volatility target is intended to reduce the overall risk of investing in the fund but may not work as intended, may result in periods of underperformance and may limit the fund's ability to participate in rising markets. The fund's performance may be lower than similar funds that are not managed to an annualized volatility target.

Yield - The amount of income received by the fund will go up or down depending on variations in short-term interest rates, and when interest rates are very low the fund's expenses could absorb all or a significant portion of the fund's income.

Each Fund's investment objectives, principal investment strategies and risks, policies and restrictions are set forth in the relevant Fund's current prospectus, summary prospectus and/or statement of additional information. For additional information regarding a particular Fund's principal investment strategies and risks, please see the relevant Fund's prospectus, summary prospectus and/or statement of additional information.

AEGON Global Funds (UCITs)

TAM serves as the investment adviser to AEGON Global Funds, a foreign registered investment company organized under the laws of Luxembourg and registered with the Luxembourg *Commission de Surveillance du Secteur Financier* as an Undertaking for Collective Investment in Transferable Securities (UCITS). AEGON Global Funds is an umbrella fund with multiple sub-funds (the "**Sub-Funds**"). TAM oversees the investment and reinvestment of the assets of the Sub-Funds and supervises the delegation of the day-to-day duties to sub-advisers. The Sub-Funds are available for public offer and sale in Luxembourg and not sold in the United States. Risks of investing in these Sub-Funds may include: Active Trading, Asset Allocation, Bank Obligations, Cash Management and Defensive Investing, Convertible Securities, Counterparty, Credit, Currency, Currency Hedging, Depository Receipts, Derivatives, Distressed or Defaulted Securities, Dollar Rolls, Emerging Markets, Equity Securities, Expenses, Extension, Fixed-Income Securities, Focused Investing, Growth Stocks, Hedging, High-Yield Debt Securities, Inflation-Protected Securities, Interest Rate, Liquidity, Manager, Market, Model and Data, Mortgage-Related and Asset-Backed Securities, Newly Formed Sub-Funds, Non-U.S. Investments, Operational, Portfolio Selection, Preferred Stock, Prepayment or Call, Regulatory/Legal, REITS, Small and Medium Capitalization Companies, Sovereign Debt, Structured Instruments, U.S. Government Agency Obligations, U.S. Municipal Securities, Underlying ETFs, Valuation, Value Investing, Warrants and Rights, and Yield.

Collective Trust

TAM serves as the investment adviser and renders non-discretionary investment advice to a collective trust, an unregistered privately-offered pooled investment vehicle. The trustee of the collective trust (for purposes of this sub-section, the "**Trustee**") retains final and complete authority to accept or reject TAM'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 Collective Trust is established for the collective investment of assets of participating eligible investors, such as retirement plans and insurance company separate accounts, in one or more series. Each series of the Collective Trust (for purposes of this sub-section, each a “**Series**”), invests in securities through an underlying fund (for purposes of this sub-section, a “**Portfolio**”) which is a series of TPP, TPF or TF having the same investment goals and strategies as the investing Series. The asset allocation series of the Collective Trust (for purposes of this sub-section, the “**Asset Allocation Series**”) will invest in one or more Series of the Collective Trust. The Series and Asset Allocation Series are as follows:

Bond Collective Trust Series: Transamerica Partners High Quality Bond – Collective Trust Fund, Transamerica Partners Core Bond – Collective Trust Fund, Transamerica Partners High Yield Bond – Collective Trust Fund; **Fixed Income Collective Trust Series:** Transamerica Partners Inflation-Protected Securities – Collective Trust Fund; **Money Market Collective Trust Series:** Transamerica Partner Money Market – Collective Trust Fund; **Stock Collective Trust Series:** Transamerica Partners Large Growth – Collective Trust Fund, Transamerica Partners Large Value – Collective Trust Fund, Transamerica Partners Large Core – Collective Trust Fund, Transamerica Partners Mid Growth – Collective Trust Fund, Transamerica Partners Mid Value – Collective Trust Fund, Transamerica Partners Small Core – Collective Trust Fund, Transamerica Partners Small Value – Collective Trust Fund, Transamerica Partners Small Growth – Collective Trust Fund, Transamerica Partners International Equity – Collective Trust Fund, Transamerica Partners Stock Index – Collective Trust Fund; **Asset Allocation Series:** 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, Transamerica Asset Allocation – Short/Intermediate Horizon – Collective Trust Fund.

TAM serves as the investment manager of each underlying Portfolio with the exception of the Portfolio in which Transamerica Partners Stock Index – Collective Trust Fund invests. The Series and corresponding Portfolios are listed below.

Series	Portfolio
Transamerica Partners High Quality Bond – Collective Trust Fund	Transamerica Partners High Quality Bond Portfolio
Transamerica Partners Core Bond – Collective Trust Fund	Transamerica Intermediate Bond
Transamerica Partners High Yield Bond – Collective Trust Fund	Transamerica High Yield Bond
Transamerica Partners Inflation-Protected Securities – Collective Trust Fund	Transamerica Partners Inflation-Protected Securities Portfolio
Transamerica Partner Money Market – Collective Trust Fund	Transamerica Partners Money Market Portfolio
Transamerica Partners Large Value – Collective Trust Fund	Transamerica Partners Large Value Portfolio
Transamerica Partners Large Core – Collective Trust Fund	Transamerica Large Core
Transamerica Partners Large Growth – Collective Trust Fund	Transamerica Large Growth
Transamerica Partners Mid Growth – Collective Trust Fund	Transamerica Mid Cap Growth
Transamerica Partners Mid Value – Collective Trust Fund	Transamerica Mid Cap Value Opportunities
Transamerica Partners Small Core – Collective Trust Fund	Transamerica Small Cap Core
Transamerica Partners Small Growth – Collective Trust Fund	Transamerica Small Cap Growth
Transamerica Partners Small Value – Collective Trust Fund	Transamerica Partners Small Value Portfolio
Transamerica Partners International Equity – Collective Trust Fund	Transamerica International Equity
Transamerica Partners Stock Index – Collective Trust Fund	Transamerica Partners Stock Index
Transamerica Asset Allocation – Intermediate Horizon – Collective Trust Fund	Transamerica Asset Allocation – Intermediate Horizon

Series	Portfolio
Transamerica Asset Allocation – Intermediate/Long Horizon – Collective Trust Fund	Transamerica Asset Allocation – Intermediate/Long Horizon
Transamerica Asset Allocation – Long Horizon – Collective Trust Fund	Transamerica Asset Allocation – Long Horizon
Transamerica Asset Allocation – Short Horizon – Collective Trust Fund	Transamerica Asset Allocation – Short Horizon
Transamerica Asset Allocation – Short/Intermediate Horizon – Collective Trust Fund	Transamerica Asset Allocation – Short/Intermediate Horizon

As discussed in “Material Changes” above, however, the Board of Trustees of TPP and TPFG has approved the reorganization of each series of TPP and each series of TPFG into certain share classes of new or existing series of TF. These reorganizations have resulted in, or if consummated will result in, a change in the Portfolio in which each Series invests. As discussed above, certain of these reorganizations have closed and certain other reorganizations are scheduled to close in the second quarter of 2017.

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
<i>Short Horizon</i>	89.8%	10%	0.2%
<i>Short/Intermediate Horizon</i>	69.8%	30%	0.2%
<i>Intermediate Horizon</i>	49.8%	50%	0.2%
<i>Intermediate/Long Horizon</i>	29.8%	70%	0.2%
<i>Long Horizon</i>	9.8%	90%	0.2%

The following is a summary of certain risks (in alphabetical order) of investing in the Series and Asset Allocation Series. As each Series and Asset Allocation Series invests directly in a Portfolio within the Fund Complex, please also see the “Fund Complex Risks” above.

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.

Investment Scorecard Program

TAM furnishes investment reviews for an affiliated recordkeeper. TAM reviews the results of quantitative screens performed by TRSC on a limited universe of mutual funds and other investment options for the affiliated recordkeeper using a combination of quantitative and/or qualitative analysis. The review process relies on various mutual fund databases and other third party sources.

The review process is a combination of quantitative and/or qualitative analysis. The quantitative review 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, 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 reviews the funds on the TRSC platform on a quarterly 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.

Disciplinary Information

There is an ongoing formal investigation by the Securities and Exchange Commission’s Division of Enforcement that may lead to legal proceedings against Aegon USA Investment Management, LLC (“AUIM”), and/or other affiliated service providers to the funds, including Transamerica Asset Management, Inc. (“TAM”) which serves as investment adviser to a number of mutual funds. AUIM, an affiliate of TAM, serves as sub-adviser to a number of Transamerica sponsored mutual funds. TAM is cooperating in the investigation.

The investigation relates to errors in the operation and/or implementation of an asset allocation model utilized by AUIM when it served as sub-adviser to certain Transamerica tactical funds, as well as in the operation and/or implementation of an asset

allocation model and volatility guidelines utilized by AUIM when it served as sub-adviser to certain Transamerica asset allocation funds. The investigation also concerns whether appropriate disclosures were made regarding these matters. The tactical funds are Transamerica Dynamic Income (formerly, Transamerica Tactical Income), Transamerica Dynamic Allocation (formerly, Transamerica Tactical Rotation) and Transamerica Dynamic Allocation II (formerly, Transamerica Tactical Allocation, and now reorganized into Transamerica Dynamic Allocation). The asset allocation funds are Transamerica Managed Risk – Conservative ETF VP (formerly, Transamerica Vanguard ETF Portfolio – Conservative VP and Transamerica Index 35 VP), Transamerica Managed Risk – Balanced ETF VP (formerly, Transamerica Vanguard ETF Portfolio – Balanced VP and Transamerica Index 50 VP), Transamerica Managed Risk – Growth ETF VP (formerly, Transamerica Vanguard ETF Portfolio – Growth VP and Transamerica Index 75 VP), Transamerica QS Investors Active Asset Allocation – Conservative VP (formerly, Transamerica Aegon Active Asset Allocation – Conservative VP), Transamerica QS Investors Active Asset Allocation – Moderate VP (formerly, Transamerica Aegon Active Asset Allocation – Moderate VP) and Transamerica QS Investors Active Asset Allocation – Moderate Growth VP (formerly, Transamerica Aegon Active Asset Allocation – Moderate Growth VP).

AUIM ceased to serve as sub-adviser to the Transamerica tactical funds on April 30, 2015 and to the Transamerica asset allocation funds on June 30, 2015. Expert analyses provided to TAM and the funds indicate that errors in the models and guidelines did not have a material adverse impact on fund performance.

The proceeding could have a material adverse impact on TAM, the funds or other affiliated service providers. TAM does not know the timing or outcome of any possible proceeding.

Other Financial Industry Activities and Affiliations

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

Aegon USA Investment Management, LLC (“**AUIM**”), a registered investment adviser and an affiliate of TAM, is a sub-adviser to certain of the Funds.

TFS, an affiliate of TAM, is the Funds’ 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 TAM and acts as the Funds’ distributor. 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. TAM benefits from the sale of Fund shares, as its fees for services to Fund clients are based on a percentage of assets under management. TAM 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, TFA and Clark Securities, Inc.

AUIM, Transamerica Retirement Advisors, LLC and TFA, all registered investment advisers, are affiliates of TAM.

The insurance companies that select TST portfolios as investment options for the variable annuity contracts and variable life insurance policies that they issue and distribute, Transamerica Life Insurance Company, Transamerica Financial Life Insurance Company, TALIC and TPLIC (together, the “**Transamerica Insurance Companies**”), are affiliated with TAM. Shares of TST 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.

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

TAM 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, 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. Certain actual and potential conflicts are described below.

Transamerica manages or advises other funds and products in addition to the Funds (collectively, for purposes of this sub-section, the “**Other Accounts**”). In some cases Transamerica oversees sub-advisers who provide day-to-day investment advice and recommendations with respect to the Other Accounts, and in other cases Transamerica itself performs all aspects of the day-to-day management. Certain Other Accounts have investment objectives similar to those of the Funds and/or engage in transactions in the same types of securities and instruments as the Funds. Such transactions could affect the prices and availability of the securities and instruments in which a Fund invests, and could have an adverse impact on the Fund’s performance. Other Accounts may buy or sell positions while the Funds are undertaking the same or a differing, including potentially opposite, strategy, which could disadvantage the Funds. A position taken by Transamerica, on behalf of one or more Other Accounts, may be contrary to a position taken on behalf of a Fund or may be adverse to a company or issuer in which the Fund has invested.

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

Transamerica and other financial service providers have conflicts associated with their promotion of the Funds or other dealings with the Funds that would create incentives for them to promote the Funds. Transamerica may directly or indirectly receive a portion of the fees and commissions charged to the Funds or their shareholders. Transamerica will also benefit from increased amounts of assets under management. These compensation matters may create a financial incentive on the part of Transamerica to recommend the Funds over other accounts or products or to effect transactions differently in the Funds as compared to other accounts or products. Transamerica has an interest in increasing Fund assets, including in circumstances when that may not be in the Funds’ or their shareholders’ interests.

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

A Fund’s sub-adviser (or its affiliates) may make revenue sharing payments to Transamerica in connection with investments by holders of variable insurance contracts and other retirement products in Funds advised by the sub-adviser (or its affiliates) that are offered in Transamerica insurance and retirement products. The sub-adviser’s Funds that are offered in these products may also make Rule 12b-1 and other payments to Transamerica. These payments present certain conflicts of interest and may provide a disincentive for TAM to recommend the termination of such sub-advisers.

Certain Other Accounts are offered as investment options through variable insurance contracts and other retirement products offered and sold by Transamerica Insurance Companies. The performance of the Other Accounts may impact Transamerica’s financial exposure under guarantees that the Transamerica Insurance Companies provide as issuers of the variable insurance contracts. TAM’s investment decisions and the design of the Other Accounts may be influenced by these factors. For example, the Other Accounts 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.

TAM serves as investment manager to and is responsible for all aspects of the day-to-day investment advice and management of certain Funds and Other Accounts which operate as funds of funds that invest in affiliated underlying funds or Other Accounts, and TAM is subject to conflicts of interest in allocating the funds of funds’ assets among the underlying funds or Other Accounts. TAM 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 TAM to include affiliated funds as investment options for funds of funds and to cause investments by funds of funds in affiliated funds that perform less well than unaffiliated funds. The inclusion of affiliated funds will also permit TAM and/or the sub-adviser to make increased revenue sharing payments, including to Transamerica. TAM may have an incentive to allocate the funds of funds' assets to those underlying funds or Other Accounts for which the net management fees payable to TAM are higher than the fees payable by other underlying funds or Other Accounts or to those underlying funds or Other Accounts for which an affiliate of TAM serves as the sub-adviser. TAM Compliance monitors allocation changes by the funds of funds.

TAM may have a financial incentive to implement or not to implement certain changes to the Funds or Other Accounts. TAM 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 or Other Account having a higher net management fee payable to TAM and/or that is sub-advised by an affiliate of TAM. TAM will also benefit to the extent that it replaces a sub-adviser with a new sub-adviser with a lower sub-advisory fee. Any recommendation to the Funds' Board concerning the appointment of or continued service of an affiliated sub-adviser for a Fund, or a Fund combination, is subject to TAM's fiduciary duty to act in the best interests of a Fund and its shareholders. Moreover, TAM'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 aggregation of assets of multiple Funds or Other Accounts for purposes of calculating breakpoints in management or sub-advisory fees, as applicable, may give rise to actual, potential and/or perceived conflicts of interest that could disadvantage the Funds and their shareholders. Such aggregation of assets may create incentives for TAM to select sub-advisers where the selection may serve to lower a sub-advisory fee and possibly increase the management fee retained by TAM or may provide a disincentive for TAM to recommend the termination of a sub-adviser from a Fund if the termination may cause the sub-advisory fee payable by TAM to increase on a Fund or Other Account that aggregates its assets with the Fund. TAM is a fiduciary for shareholders in the Funds and must act in their best interests. As a fiduciary, TAM must put the interests of the Funds ahead of its own interests (or the interests of its affiliates), and must conduct the affairs of the Funds as would prudent and experienced money managers. Any decision by TAM to recommend the hiring, retention or termination of a sub-adviser for a Fund to the Fund's Board and, if required, Fund shareholders, must serve the interests of shareholders in that Fund without taking into account any potential benefit or harm to any other Fund or Other Account or Transamerica.

Morningstar Investment Management, the portfolio construction manager of certain Funds that are asset allocation funds, is a wholly owned subsidiary of Morningstar, Inc. ("**Morningstar**"). As part of its overall operation, Morningstar is engaged in the business of providing ratings and analysis on financial products. A potential conflict of interest exists since Morningstar could be providing ratings and analysis on products to which Morningstar Investment Management provides services. First, Morningstar will not create analyst commentary for portfolios in which Morningstar's subsidiaries act as a portfolio construction manager/sub-adviser. This commentary is general subjective in nature and could represent a conflict of interest. This means that the Funds in which Morningstar Investment Management is involved with will not receive written analyst commentary from Morningstar. However, such Funds will receive Morningstar Star Ratings™. These ratings are purely quantitative and, therefore, cannot be biased by subjective factors. Also, the Morningstar Style Box™ assignment is primarily based on quantitative characteristics of the underlying securities in the Fund. The initial assignment and subsequent style box changes follow established procedures and are subject to review by personnel within the Morningstar Data business unit – a separate and distinct unit within Morningstar. A situation may occur where personnel of Morningstar Investment Management provide information to the Morningstar Data unit to clarify style box assignment. However, the assignment process takes place and is monitored by a Morningstar business unit that is completely independent from Morningstar Investment Management.

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

TAM has adopted a Code of Ethics as required by law, which is designed to prevent affiliated persons of TAM 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, TAM 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

The Fund Complex

TAM has the authority to place all orders for the purchase or sale of securities on behalf of the Funds with selected broker-dealers, subject to the duty to seek to obtain “best execution” (prompt and reliable execution at the most favorable price). Notwithstanding the foregoing, TAM generally is not engaged in selecting or recommending broker-dealers for clients because TAM 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 TAM). Each sub-adviser is also subject to oversight by the directors/trustees of the applicable Fund. TAM 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 TAM.

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 Complex 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 Management/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 TAM 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 TAM’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.

Review of Accounts

The Fund Complex

The Transamerica Partners Asset Allocation Funds, each a series of TPF and TPF II, and the Transamerica Funds Asset Allocation Funds, each a series of TF (for purposes of this section and together with the Transamerica Partners Asset Allocation Funds, the "**Asset Allocation Funds**"), were designed to address a particular segment of the risk/reward spectrum and is strategic and long-term in nature. TAM chooses the underlying funds and weights to match the objectives of each Asset Allocation 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.

Generally, on a weekly basis, TAM 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 Asset Allocation 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, TAM provides investment management services that include, without limitation, selection, proactive oversight and monitoring of sub-advisers, daily monitoring of the sub-advisers' buying and selling of securities for the Funds and regular review of sub-adviser performance and adherence to investment style and process. For discussion of the reviews conducted by TAM as a manager of manager, please see the discussion under "Methods of Analysis, Investment Strategies and Risk of Loss - Fund Complex."

Collective Trust

TAM 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. TAM closely monitors the series of the collective trust. Pursuant to TAM's responsibilities to each series of the collective trust and subject to the oversight and review of the board, TAM is responsible for the evaluation and due diligence of prospective sub-advisers of the underlying series or Funds as stated above. TAM, when necessary, makes recommendations for changes in the underlying series or Funds used by each series of the collective trust.

Client Referrals and Other Compensation

The Fund Complex

As discussed under “Fees and Compensation” and “Other Financial Industry Activities and Affiliations” above, TAM (and its affiliates) makes and receives revenue sharing payments and has conflicts associated with the promotion of the Funds or other dealings with the Funds that would create incentives for promoting 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. TAM 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.

TAM serves as administrator to certain series of TPFG and TPFG II and receives administrative services fees from those series.

Collective Trust

As discussed under “Fees and Compensation” above, TAM currently receives no advisory fee from the collective trust because of an all-in fee charged at the separate account level. TAM currently receives no advisory fee from Transamerica Life Insurance Company for serving as investment adviser to the Collective Trust.

Investment Scorecard Program

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

Custody

The Fund Complex

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

The Sub-Funds

Citibank Europe plc, Luxembourg Branch serves as depositary, paying agent, administrator, domiciliary, and transfer agent of AEGON Global Funds. These arrangements are subject to regulation under the Luxembourg law of 17 December 2010 on undertakings for collective investments. The depositary’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

State Street Bank and Trust Company serves as custodian to the Collective Trust. Even though a qualified custodian serves as custodian, TAM is deemed to have custody of the Collective Trust since the trustee of the Collective Trust, MFTC, is a “related person” (as defined in Rule 206(4)-2 (the “Custody Rule”) under the Investment Advisers Act of 1940 (the “Advisers Act”)) of TAM. With respect to the Collective Trust, TAM relies on the audit exemption provided under the Custody Rule. The Collective Trust is subject to an annual audit and audited financial statements are obtained and delivered to eligible investors in compliance with the Custody Rule.

Investment Discretion

Please see the description of advisory services rendered by TAM under “Advisory Business” above.

Voting Client Securities

TAM has adopted proxy voting policies and procedures pursuant to Rule 206(4)-6 under the Advisers Act. The purpose of TAM's proxy voting policies and procedures is to ensure that where TAM exercises proxy voting authority with respect to client securities it does so in the best interests of the client, and that sub-advisers to TAM clients exercise voting authority with respect to TAM client securities in accordance with policies and procedures adopted by the sub-advisers under Rule 206(4)-6 and approved by TAM Compliance. TAM's proxy voting policies and procedures address material conflicts that may arise between TAM or its affiliates and the Funds by, in every case where TAM 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 TAM. TAM, 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. TAM 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 TAM is called upon to exercise voting authority with respect to client securities, TAM generally will vote in accordance with the recommendation of RiskMetrics Group, Inc. or another qualified independent third party, except that if TAM believes the recommendation would not be in the best interest of the relevant Fund and its shareholders, TAM 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 thereof.

MFTC, trustee of the Collective Trust, has all power and authority to administer the affairs of the Collective 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 Collective Trust.

A copy of TAM'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

TAM is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

Requirements for State-Registered Advisers

This item is not applicable to TAM.