

Aegon USA Investment Management, LLC

Part 2A Brochure

September 7, 2018

Aegon USA Investment Management, LLC
4333 Edgewood Road NE
Cedar Rapids, Iowa 52499
(877) 234-6862
www.aegoninvestments.com
File No. 801-60667

This Brochure provides information about the qualifications and business practices of Aegon USA Investment Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (877) 234-6862 or at aegoninvestments@aegonusa.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Aegon USA Investment Management, LLC is a registered investment adviser. Registration does not imply any level of skill or training. Additional information about Aegon USA Investment Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov/.

Item 2 – Material Changes

This brochure dated September 7, 2018 includes the following material changes:

- Item 9 Disciplinary Information
 - This item has been updated to reflect that on August 27, 2018, the SEC issued an Order Instituting Proceedings (Order) naming Aegon AM US and certain of its affiliates. The Order is a result of the settlement of the previously reported ongoing SEC investigation. The Order contains SEC findings of federal securities law violations, neither admitted nor denied, related to the period between July 2011 and June 2015, regarding, among other things, errors in Aegon AM US' past operation and/or implementation of asset allocation models and volatility overlays developed and utilized by Aegon AM US when it served as a sub-adviser to certain Transamerica-sponsored mutual funds and underlying funds held by certain variable products, and as a model manager for certain strategies offered in certain separately managed account programs. The order also states that the parties failed to make appropriate disclosures regarding these and other matters. In addition, the order states that the parties failed to have adequate policies and procedures.

The following material changes were made in the March 29, 2018 annual update:

Item 4 Advisory Business

- Item 4.A. Overview – This item was updated to reflect Aegon USA Investment Management, LLC primary business name is Aegon Asset Management US.

• Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

- Item 8.A. Investment Strategies – Added sub-section titled Discretionary Versus Non-Discretionary Accounts to discuss the potential conflicts that Aegon USA Investment Management, LLC may encounter when advising similar asset classes differently for discretionary versus non-discretionary clients.
- Item 8.C. Risk of Loss – This item was updated to amend the disclosure language found in Legal and Regulatory Risk; and Management Risk. In addition, the following risk disclosures were added: Cybersecurity Risk, Model and Data Risk and Operational Risk.

• Item 11 Code of Ethics

- Item 11.E. Investments in Different Parts of an Issuer's Capital Structure - This item was added to disclose potential conflicts Aegon USA Investment Management, LLC could encounter when it, on behalf of one or more of its clients, invests in different instruments, classes of securities or parts of an issuer's capital structure.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

If you would like a current copy of Aegon USA Investment Management, LLC's Brochure, please contact us at (877) 234-6862 or aegoninvestments@aegonusa.com. The Brochure is also available free of charge on our web site www.aegoninvestments.com and via the SEC's web site www.adviserinfo.sec.gov.

Item 3 – Table of Contents

Item 2 – Material Changes	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business	5
A. Overview	5
B. Advisory Services	5
C. Assets Under Management	6
Item 5 – Fees and Compensation	6
A. Advisory Fees	6
B. Additional Fees and Expenses.....	7
Item 6 – Performance-Based Fees and Side-By-Side Management	8
Item 7 – Types of Clients.....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	9
A. Investment Strategies	9
B. Methods of Analysis.....	10
C. Risk of Loss	13
Item 9 – Disciplinary Information	18
Item 10 – Other Financial Industry Activities and Affiliations	20
A. Registered Representatives	20
B. Registration as Commodity Trading Advisor.....	21
C. Relationships with Related Persons.....	21
D. Foreign Financial Regulatory Authority	24
Item 11 – Code of Ethics	24
A. Standards of Conduct.....	24
B. Principal Trading	25
C. Other Financial Interests.....	25
D. General Investment Advice.....	25
E. Investments in Different Parts of an Issuer’s Capital Structure.....	26

Item 12 – Brokerage Practices	26
A. Selecting Broker-Dealers.....	26
B. Soft Dollar Benefits	27
C. Directed Brokerage	28
D. Trade Aggregation and Allocation	28
E. Cross Transactions	29
F. Trade Errors	29
Item 13 – Review of Accounts	30
Item 14 – Client Referrals and Other Compensation.....	31
A. Client Referrals.....	31
B. Other Compensation.....	31
Item 15 – Custody	31
Item 16 – Investment Discretion	32
Item 17 – Voting Client Securities.....	33
Item 18 – Financial Information.....	34

Item 4 – Advisory Business

A. Overview

This brochure relates to the investment advisory services offered by Aegon USA Investment Management, LLC, a US-based investment adviser registered with the Securities and Exchange Commission (“SEC”).

Aegon USA Investment Management, LLC utilizes the primary business name Aegon Asset Management US to market its asset management products and services. Aegon Asset Management US will also be referred to as Aegon AM US. Aegon AM US is a limited liability company formed in 2001 under the laws of the State of Iowa. Aegon AM US is a wholly owned subsidiary of Aegon USA Asset Management Holding, LLC (“AUAM Holding”) and an indirect wholly owned subsidiary of Aegon NV, a Netherlands-based financial services organization. For additional information regarding Aegon AM US’ legal and governance structures, refer to Item 10, Other Financial Industry Activities and Affiliations. Aegon AM US has principal offices in Cedar Rapids, Iowa; Chicago, Illinois; and Baltimore, Maryland.

Aegon AM US may also refer to itself, as well as broader affiliates collectively, as Aegon Asset Management. Aegon Asset Management is the brand name used to represent Aegon NV’s global investment management businesses. Aegon Asset Management group companies includes the advisory services performed by various affiliates, or their investment advisory business units, and joint ventures. Aegon AM US, together with Aegon USA Realty Advisors, LLC (“Aegon Real Assets”) and Kames Capital plc, each an SEC registered investment adviser, and various unregistered foreign affiliates, including Aegon Asset Management Asia LTD, Aegon Asset Management Central and Eastern Europe, Aegon Asset Management Pan-Europe BV, Aegon Asset Management Spain, Aegon Industrial Fund Management Co. LTD, Aegon Investment Management BV, La Banque Postale Asset Management SA, Pelargoes Capital BV, Saemor Capital BV and TKP Investments BV comprise Aegon Asset Management.

Aegon AM US and certain other Aegon Asset Management affiliates share global macroeconomic research. Aegon AM US also participates on a global research platform in a participating affiliate arrangement, for more information see Item 8.B.1, Methods of Analysis, Investment Strategies and Risk of Loss - Methods of Analysis: Sector and Security-Level Idea Generation and Item 10.C.1, Other Financial Industry Activities and Affiliations – Relationships with Related Persons: Participating Affiliate.

B. Advisory Services

Aegon AM US provides discretionary and nondiscretionary investment management products and services in similar and different investment strategies to affiliated and unaffiliated institutional clients. These services are offered through a variety of investment vehicles, structures and arrangements which vary by investment strategy and include separately managed accounts, foreign or domestic closed- or open-end mutual funds, collective investment trusts (“CITs”), and private funds. Aegon AM US also provides nondiscretionary research services.

Aegon AM US began as a manager of fixed income portfolios and today provides active management of portfolios that invest primarily in fixed income assets classes, but also may utilize equities, private placements and derivatives. Additionally, Aegon AM US provides customized investment solutions for insurance companies and pension plans.

Aegon AM US engages sub-advisers to manage certain investment strategies on behalf of affiliated clients.

Aegon AM US tailors its advice to serve the needs of each particular client and, before beginning investment activities, generally requires mutually agreed upon, written investment guidelines or instructions for the client's account(s). Client guidelines can impose reasonable restrictions on investments in certain securities or types of securities.

Additional information about Aegon AM US's investment strategies and services can be found in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss.

C. Assets Under Management

As of December 31, 2017, Aegon AM US had assets under management as follows:

Asset Under Management	US Dollar Amount
Discretionary	\$103,714,605,727
Non-discretionary	\$823,184,985
Total	\$104,537,790,712

Item 5 – Fees and Compensation

A. Advisory Fees

Aegon AM US charges advisory fees consistent with applicable statutes and regulations and a client's investment management agreement. For discretionary investment advisory services, fees are typically based on the client's assets under management and are negotiable. In some cases, fees are based on the investment performance of the client's account (see Item 6, Performance-Based Fees and Side-by-Side Management).

For nondiscretionary services, Aegon AM US will negotiate fees based on the specific services provided. Non-discretionary client fee structures materially differ from discretionary client fees.

Various factors affect a client's fees, including but not limited to the services required by the client, client type, asset class, pre-existing relationship, the size of the account (current or anticipated), investments in other strategies, or other factors, in Aegon AM US' sole discretion. Aegon AM US may also choose to waive all or a portion of negotiated fees for a given period. Also, for fee calculation purposes, Aegon AM US may agree to aggregate the assets of related client accounts and such accounts may receive the benefit of a lower effective fee rate due to such aggregation. Clients who negotiate a flat fee schedule could pay a higher total fee than those who pay under a tiered fee schedule.

Aegon AM US typically requires a minimum fee amount for each of its product or services. The minimum can differ depending upon the particular investment strategy and product. In certain circumstances, the minimum amount will be waived. Discretionary investment advisory fees are generally based on an account's period-end market or other negotiated values.

Aegon AM US seeks to maintain accurate valuations of the holdings in our client accounts. Pricing of all assets held in client accounts occurs at least monthly. To the extent available, Aegon AM US uses readily available market prices and/or independent pricing sources to value client assets. When market quotations are not readily available or when the price provided by a pricing source does not, in our view, represent fair value, Aegon AM US will determine the fair value of an asset. A conflict of interest exists based on the fact that Aegon AM US determines how best to price each asset held in a client portfolio, and those prices are then used to calculate performance, and for some clients, the market value for purposes of calculating investment advisory fees. Aegon AM US seeks to mitigate these conflicts through policies, procedures and oversight by Aegon AM US's Security Valuation Committee.

Aegon AM US does not act as the pricing agent of record in our capacity as adviser or subadviser for client accounts, though we will provide assistance to the official pricing agents of those accounts, usually custodian banks or accounting agents, upon request. For example, we will provide pricing information for fair-valued securities held in client accounts. However, the official pricing agent retains responsibility for determining the value of the securities in question.

Clients typically are billed for and pay fees prorated for the portion of the billing period, typically monthly or quarterly, for which Aegon AM US has provided advisory services. Clients typically receive an invoice and pay their fees directly. Fees can be payable and billed in advance or arrears. Other client-specific arrangements are negotiable, depending on specific client circumstances.

Where Aegon AM US collects an advisory fee in advance and does not provide investment services for the entire period, Aegon AM US will prorate the fee to reflect the portion of the period for which Aegon AM US provided investment services and will return any excess to the client.

Fees charged to affiliates are generally less than fees charged to unaffiliated client accounts.

B. Additional Fees and Expenses

Aegon AM US's advisory fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses that are typically incurred by clients. Client assets are maintained by an independent custodian; clients pay all custody fees directly to their custodian.

Clients typically incur certain other charges imposed by custodians, brokers and other third parties, such as deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund transfer fees and other fees and taxes on brokerage accounts and securities transactions.

In addition to fees calculated based on assets under management, Aegon AM US will charge a negotiated, agreed-upon annual fee to certain accounts to cover administrative overhead costs, performance fees or both, as described in Item 6, Performance-Based Fees and Side-By-Side Management.

Derivatives transactions for clients' accounts may entail brokerage, clearing or other finance charges. For certain accounts Aegon AM US assesses quarterly or agreed-upon fees for each derivatives contract in the client's account as of the last day of each calendar quarter.

Item 12.A, Brokerage Practices - Selecting Broker-Dealers, describes the factors that Aegon AM US considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Clients may also incur additional fees when account assets are invested in mutual funds, ETFs and other pooled investment vehicles. These vehicles charge internal management fees, which are disclosed in their respective offering documents. No portion of these fees offset the account-level fees that Aegon AM US charges for its services.

Item 6 – Performance-Based Fees and Side-By-Side Management

In addition to fees described in Item 5, Fees and Compensation, fee arrangements with certain qualified clients as defined by the Investment Advisers Act of 1940, as amended, (“the Act”) can include a performance-based fee. Performance-based fee structures generally stipulate a base fee, a participation rate, and in certain circumstances a maximum fee. The participation rate specifies the percentage of an account’s capital gains or capital appreciation that will be paid as a fee to Aegon AM US. Aegon AM US will structure a performance-fee or incentive-fee arrangement subject to Section 205(a)(1) of the Act and in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3 under the Act.

There are inherent conflicts of interest in the side-by-side management of performance-fee and non-performance-fee accounts. Performance-fee arrangements create an incentive for an adviser to take risks in managing assets that would not otherwise be taken in the absence of such arrangements. Similarly, larger accounts could be favored because they generate more revenue for an adviser. Aegon AM US strives to mitigate these potential conflicts through policies and procedures designed to ensure all clients are treated equitably over time, and through employee education. See Item 12.D, Brokerage Practices, Trade Aggregation and Allocation, for additional information about Aegon AM US’s trade aggregation and allocation practices.

Item 7 – Types of Clients

Aegon AM US provides discretionary and nondiscretionary investment advisory services to insurance companies, corporate pension and profit-sharing plans, benefit plans, pooled investment vehicles such as mutual funds, collective investment trusts and privately offered alternative vehicles, banks, charitable organizations, endowments, government plans and municipalities, foreign funds such as Undertakings for Collective Investments in Transferable Securities, other US and foreign institutions; and other investment advisers.

Before agreeing to manage a client’s assets, Aegon AM US typically requires a minimum investment of \$50 million, though the minimum can differ depending upon the particular investment strategy, product or client type.

In certain circumstances, the minimum amount will be waived.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

A. Investment Strategies

Aegon AM US offers standard investment strategies as well as customized portfolios. Methods of analysis and investment risks for the firm's standard, marketed investment strategies are presented here. Investment details for non-marketed strategies and customized portfolios are available upon request at (877) 234-6862 or at <mailto:aegoninvestments@aegonusa.com>.

Aegon AM US's marketed investment strategies can be broadly classified into four groups:

1. *Fundamental Fixed Income Strategies*

Aegon AM US' fixed income strategies include total-return strategies utilizing one or more fixed income asset classes, duration-sensitive or cash flow management strategies and constrained strategies based on client restrictions such as rating limitations, position limits, etc.

2. *Multi-Asset Strategies*

Aegon AM US designed its multi-asset strategies to offer broad diversification in a single investment solution. These strategies are developed by Aegon AM US and can be customized to client-specific parameters. Portfolios can have exposure to multiple asset classes, asset managers, geographic regions, or some combination thereof.

3. *Investment Solutions*

Aegon AM US has investment solutions which are customized portfolios designed around the client's liability profile. These client-specific solutions include a form of asset-liability management for insurance companies and liability-driven investing for pension plans. Aegon AM US's liability-driven portfolio management framework consists of an assessment of the particular client account, asset/liability analysis in collaboration with company or plan actuaries, investment strategy development, portfolio construction and ongoing client service and risk management. Aegon AM US and individuals within Aegon Asset Management who have experience in constructing and managing balance-sheet solutions share best practices and thought leadership.

4. *Derivatives Strategies*

Aegon AM US has designed for purposes of portfolio risk management, duration management or asset allocation for portfolio management.

Discretionary Versus Non-Discretionary Accounts

Aegon AM US portfolio managers advise on different investment strategies in similar asset classes (e.g., different clients may own different securities in an issuer's capital structure) for discretionary and non-discretionary accounts. There are situations where the interest of discretionary clients and non-discretionary clients may not align, creating conflicts of interests between these clients. In those circumstances, Aegon AM US will seek to mitigate the conflicts by refraining from advising a non-discretionary client on a particular

transaction or by taking different action on behalf of discretionary clients to avoid a negative impact to those clients. Similarly, a non-discretionary client may request that Aegon AM US take action on its behalf that could harm discretionary clients. In those unusual circumstances, Aegon AM US might accommodate the non-discretionary client by assisting in the placement of a particular transaction for execution. However, Aegon AM US may decline to provide the non-discretionary client with any assistance and, in any of these cases, will not provide investment advice/recommendation to the non-discretionary client with respect to such transaction.

B. Methods of Analysis

Aegon AM US believes the key success factors to strong investment performance over the long-term are the recognition of the asymmetrical nature of risk in the securities market, strong risk management, a long-term perspective and balancing top-down macroeconomic analysis with proprietary bottom-up research as appropriate to the individual strategy.

1. Fundamental Fixed Income Strategies

The investment process for most Aegon AM US fundamental fixed income investment strategies combines top-down macroeconomic outlooks with bottom-up credit research in a procedure overlaid with risk monitoring and risk management. This disciplined process emphasizes consistent research and analysis of fundamentals, sentiment and positioning, technicals and valuation at multiple stages:

- *Top-Down Analysis.* The firm's portfolio managers consider proprietary macroeconomic research in the development of broad-based investment themes. Views of the macroeconomic environment and changes in such environments are formulated through standardized inputs among portfolio managers, asset class specialists, strategists and rates specialists of the Aegon Asset Management group. Global Aegon Asset Management committees systematically analyze fundamental, technical, sentiment and valuation data, as appropriate, to provide inputs regarding one of the following: the macroeconomic environment, global interest rates, or the relative strength of various asset classes. The outlook of the global committees is aggregated by a committee of senior portfolio managers and, through a process of discussion and challenge, distilled into a "global house view" of the macro environment, global interest rates and the relative attractiveness of asset classes over various time periods.
- *Sector and security-level idea generation.* Independent, bottom-up research of issuers, securities, and sectors is a core element of Aegon AM US's investment processes. All Aegon AM US portfolio management teams have access to research generated by Aegon AM US's research platform. This platform organizes research analysts into teams that conduct credit, sovereign, emerging market, distressed securities or structured securities research on issuers worldwide.

Aegon AM US also utilizes credit and sovereign research generated by an Aegon Asset Management affiliate, Aegon Investment Management BV ("AIM"), an investment adviser licensed and domiciled in the Netherlands. Aegon AM US receives investment research, advice and recommendations on corporate and sovereign debt issuers and securities from AIM as part of a participating affiliate arrangement. The participating affiliate arrangement is described further in Item 10.C.1, Other Financial Industry Activities and Affiliations – Relationships with Related Persons: Participating Affiliate.

The research generated by Aegon AM US and AIM is referred to, collectively, as the Global Research Platform.

Aegon AM US research supports discretionary and non-discretionary client accounts. Aegon AM US provides portions of its research to AIM and other affiliates.

Credit research analysts follow assigned lists of sectors/industries and are responsible for covering issuers within their assigned sector/industry, regardless of credit quality. This structure provides important context of all major participants in an industry/sector and gives Aegon AM US an additional insight in areas where an issuer's credit-quality rating is in transition.

Credit analysts utilize a proprietary financial analysis framework that focuses on cash flow generation, debt levels, maturity schedules, liquidity and consideration of future credit profiles. Based on this analysis, research analysts form their own independent view on an issuer's fundamentals and other factors and periodically monitor the factors that influence these views to determine if revisions are warranted. Separately, analysts also assign internal credit ratings to issuers, which are based on, and more often than not are consistent with, third-party credit ratings.

Emerging Markets research is conducted by a dedicated team responsible for providing in-depth fundamental research of sovereign, quasi-sovereign and corporate debt issued by companies in emerging market countries. The team is organized by region and conducts empirical analysis on, and develops proprietary forecasts of, each country's economic and policy fundamentals, credit spreads and monetary policy. The team's work is informed by the global house view on global growth, interest rates and currencies. After conducting proprietary credit analysis, analysts arrive at an unbiased credit opinion and use this fundamental opinion to estimate a fair value and projected spread for each credit. The team then compares relative opportunities between fair value and market pricing to position in those securities expected to most positively impact client portfolios.

Structured research uses a team approach to share common resources, themes, and techniques specific to structured credit analysis. Structured research analysts follow specific asset classes (i.e., asset-backed securities, commercial mortgage-backed securities and residential mortgage-backed securities, with several sub-sectors within each asset class). Analysts specialize in research based on each asset class' unique characteristics associated with collateral, issuer, structure and research resources.

Structured analysts use proprietary financial analysis that focuses on fundamentals such as collateral performance, issuer strength and the operations of a security's structure. Analysts utilize this proprietary analysis along with third-party software to identify securities that offer the opportunity for attractive relative value versus designated benchmarks. In addition, securities are stress-tested using proprietary methodologies. Analysts form their own, independent view of the security's fundamentals and other factors, and periodically monitor the factors that influence these views to determine if revisions are warranted.

Distressed research is conducted by a team with expertise in corporate bankruptcy workouts and restructurings. The team's research assesses the substantial risks inherent in reorganization or restructuring of an issuer, as well as the likelihood that the issuer will be able to complete a reorganization or restructuring successfully.

Distressed research analysts develop an investment opinion for companies they evaluate, focusing on key factors such as: business conditions, strategic and competitive positioning, key customers and suppliers, operation efficiency, cash flow generation, debt and liquidity, and capital and legal structure. This process seeks to project potential financial results, value the company's business and assets, and estimate creditor recoveries in various scenarios.

Aegon AM US provides distressed research to discretionary and non-discretionary clients. The nature of the advice will vary by the type of client and their specific investment strategy.

Environmental, Social and Governance (“ESG”) Considerations in Research

Certain Aegon Asset Management companies, including Aegon AM US, are a covered signatory of the United Nations-supported Principles for Responsible Investment (PRI).

In keeping with this and to support its responsible investment practices, Aegon AM US research analysts analyze environmental, social and governance concerns. Aegon AM US also utilizes third party vendors to assist in information gathering and decision making. When information regarding a specific company is available, Aegon AM US research reports include an external ESG rating and note any material concerns regarding ESG impacts of investing in the company.

Further, at the client’s request, Aegon AM US will employ ethical screens in the management of portfolios and has the capability to help the client develop ethical screening criteria.

- *Portfolio construction and management.* “Global house view” outlooks (see Item 8.B.1, Methods of Analysis, Investment Strategies and Risk of Loss - Methods of Analysis: Fundamental Fixed Income Strategies and Top-Down Analysis) are combined with the portfolio management team’s particular perspective on the economy and markets to make decisions regarding such factors as duration, yield-curve or credit-quality positioning; and sector, country or asset class allocations. To populate portfolios with individual securities, portfolio managers draw on the fundamental research available on the Global Research Platform. Active communication between research analysts and portfolio managers is an important aspect of portfolio construction; discussion with analysts helps portfolio managers contrast the analysts’ views on industries and individual securities with the portfolio management team’s own views of market technicals, investor sentiment and valuation trends.

Aegon AM US’s sell discipline tends to fall into two broad categories:

- Credit-related trades. Credits are regularly monitored by the research analysts for new information. For credits experiencing meaningful changes in the fundamental credit outlook, Aegon AM US will reevaluate the credit to ensure the investment thesis is still sound.
- Relative-value trades. Relative-value trades result from movement in security values, general market conditions, or shifts in the overall portfolio strategy.

Aegon AM US has incorporated a risk management process into its investment framework. Risk management typically occurs through three main avenues: research efforts, measurement of risk/return metrics and monitoring of risk limits. The firm’s systems provide Aegon AM US with a variety of risk and compliance metrics that are used to manage accounts according to each client’s desired risk profile.

2. Multi-Asset Strategies

Aegon AM US manages multi-asset investment strategies that invest in individual securities, open-end mutual funds, exchange-traded products, derivatives or some combination thereof. In all cases, portfolio managers of Aegon AM US’s multi-asset strategies, at their discretion, will integrate the global house view as appropriate to a particular strategy.

3. *Investment Solutions*

Aegon AM US's Investment solutions team analyzes information about a client's future liabilities. This analysis is used to build a customized benchmark that matches the duration and key rate duration profile of the client's anticipated liabilities. The team then works with Aegon AM US's research analysts and portfolio management teams (discussed in Item 8.B.1, Methods of Analysis, Investment Strategies and Risk of Loss - Methods of Analysis: Fundamental Fixed Income Strategies) to construct a portfolio that may comprise of one, several or many asset classes, depending upon the nature and timing of the client's liabilities.

4. *Derivatives Strategies*

Aegon AM US designs and executes derivatives strategies for purposes of hedging, risk management and overall portfolio management. Aegon AM US has a dedicated team of investment professionals focused on design, management and execution of derivatives strategies. This team works directly with clients, portfolio managers and Aegon AM US risk management personnel to implement and maintain each strategy.

Aegon AM US's policy is that all derivatives transactions made on behalf of affiliated or unaffiliated clients must be traded under an approved derivatives program that describes the guidelines for execution and management of the derivatives transactions.

C. Risk of Loss

Investing in securities or derivatives involves a risk of loss that clients should be prepared to bear. Aegon AM US cannot give any guarantee it will achieve client investment objectives or that a client will receive a return on its investment. All investments include the potential for loss of the principal amount invested and unrealized profits. The firm does not guarantee any performance results or ensure clients will not incur a financial loss. Clients should be prepared to bear such losses. Past performance is not an indication or guarantee of future performance.

The descriptions contained below are a brief overview of different risks related to Aegon AM US' investment strategies; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that will arise in connection with the use, management and operation of the investment strategies. Clients and Investors should be aware of the primary investment risks, including:

Active Trading Risk: The Aegon AM US investment strategies are actively managed and will purchase and sell securities without regard to the length of time held. Active trading will impact performance by increasing transaction costs and potentially generating greater amounts of net short-term capital gains, which, for investors holding shares in taxable accounts, would be subject to income tax at ordinary income tax rates upon distribution.

Concentration Risk: A strategy that concentrates investments in particular issuers, countries, industries, sectors, or asset classes has greater exposure than other strategies to market, economic and other factors affecting those components.

Convertible Securities Risk: 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. Investors could lose money if the issuer of a convertible security is unable to meet its financial obligations or goes bankrupt.

Counterparty Risk: Certain accounts are subject to credit risk (meaning the risk of adverse changes in an issuer's real or perceived financial strength) with respect to counterparties to derivatives, repurchase agreements and other financial contracts entered into by the account 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 investment in the account may decline.

Credit Risk: An investor could lose money if the issuer or guarantor of a fixed income security or the counterparty to a derivatives contract, repurchase agreement, or a loan of portfolio securities is unable or unwilling to make timely principal and/or interest payments or to otherwise honor its obligations. A downgrade of the credit of a security will typically also decrease its value.

Currency Risk: The value of securities denominated in foreign currencies fluctuates as the rates of exchange between those currencies and the US 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 US and foreign governments or central banks, the imposition of currency controls and speculation.

Cybersecurity Risk: The information and technology systems of Aegon AM US and of key service providers to Aegon AM US may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Aegon AM US has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Aegon AM US to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Aegon AM US or the Fund accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

Derivatives Risk: Derivatives are financial contracts whose values depend on, or are derived from, the value of an underlying asset, reference rate or index. Derivatives typically require the posting of margin (initial and variation), and subsequent calls for higher margin may adversely impact the liquidity of clients' funds. The use of derivatives instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Certain derivatives instruments can lose more than the principal amount invested.

Distressed or Defaulted Securities Risk: 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. An investor could suffer significant losses if the reorganization or restructuring is not completed as anticipated. Repayment of defaulted securities and obligations of distressed issuers is subject to significant uncertainties.

Emerging Markets Risk: Investments in the securities of issuers located in or principally doing business in emerging markets are subject to foreign investments risks. These risks are greater for investments in issuers in emerging market countries. Emerging market countries tend to have economic, political and legal systems that are less fully developed and are less stable than those of more developed countries. Emerging market securities are often particularly sensitive to market movements because their market prices tend to reflect speculative expectations. Low trading volumes may result in a lack of liquidity and in extreme price volatility.

Extension Risk: If interest rates rise, repayments of fixed income securities will typically occur more slowly than anticipated by the market. This typically will drive the prices of these securities down, because their interest rates are lower than the current interest rate and they remain outstanding longer.

Fixed-Income Securities Risk: 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 investments will go down. The value of investments will generally go down when interest rates rise. Interest rates have been at historically low levels, therefore the investment 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.

Foreign Markets Risk: Investments in foreign securities can experience more rapid and extreme changes in value than investments in securities of US companies. The securities markets of many foreign countries are relatively small and have less depth, with a limited number of companies representing a small number of industries. Issuers of foreign securities often are not subject to the same degree of regulation as are US issuers. In the event of nationalization, expropriation, or other confiscation, investors could lose their entire investment in a foreign security.

High Yield Risk: Investments in high yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) have historically been subject to greater levels of credit and liquidity risk than investment-grade securities. High yield securities are considered predominately speculative with respect to the issuer’s continuing ability to make principal and interest payments.

Inflation-Protected Securities Risk: Inflation-protected debt securities can 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 or interest is adjusted for inflation. Also, the inflation index utilized by a particular inflation-protected security might not accurately reflect the true rate of inflation, in which case the market value of the security could be adversely affected.

Interest Rate Risk: The value of fixed income securities and other instruments in a portfolio will typically decline because of an increase in interest rates. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making their prices more volatile than securities with shorter durations.

Issuer Risk: The value of a security can decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

Legal and Regulatory Risk: Legal developments which may adversely impact investing and investment-related activities can occur at any time. "Legal Developments" means changes and other developments concerning foreign, as well as US federal, state and local, laws and regulations, including adoption of new laws and regulations, amendment or repeal of existing laws and regulations, and changes in enforcement or interpretation of existing laws and regulations by governmental regulatory authorities and self-regulatory organizations (such as the SEC, the US Commodity Futures Trading Commission, the Internal Revenue Service, the US Federal Reserve and the Financial Industry Regulatory Authority). Aegon AM US's management of accounts or the legal and/or regulatory consequences of transactions effected for the accounts. Accounts may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.

Liquidity Risk: Aegon AM US 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 the fund to sell, particularly during times of market turmoil. Illiquid investments can be difficult to value. If Aegon AM US is forced to sell an illiquid investment to meet redemption requests or other cash needs, Aegon AM US may be forced to sell at a loss. Aegon AM US may not receive its proceeds from the sale of certain securities for an extended period (for example, several weeks or even longer).

Loan Risk: Loans are subject to the risk of nonpayment of principal or interest. Economic downturns or increases in interest rates can 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 could be relatively illiquid or lose all or substantially all of its value subsequent to investment. In the event of bankruptcy of a borrower, Aegon AM US could experience delays or limitations in realizing 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. Loans are also subject to prepayment or call risk.

Management Risk: Aegon AM US's judgments about the fundamental value of securities or other factors showing the attractiveness of investments acquired for a portfolio may prove to be incorrect. In addition, Aegon AM's judgments about asset allocations, exposure to foreign currencies, credits, rates and other macro-economic factors may prove to be incorrect.

Market Risk: The market price of securities will go up or down, sometimes rapidly or unpredictably. The value of a security can decline due to general market conditions that are not specifically related to a particular company or industry, such as adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment.

Model and Data Risk: Aegon AM US uses quantitative algorithms, calculations, and models (whether developed internally or supplied by third parties) or proprietary and non-proprietary data, software, intellectual property and information that may be licensed or otherwise supplied by third parties ("Models and Data") as an input to inform certain research analysts and portfolio managers as they construct sets of

transactions and investments and to provide risk management insights. These Models and Data are used as a tool, among others, to assist research analysts and portfolio managers in their investment decision making. Aegon AM US does not rely exclusively on Models and Data to independently make buy/sell decisions.

If Models and Data prove to be incorrect or incomplete or are not properly implemented, any decisions made in reliance thereon expose an account to unexpected results and additional potential risks. An account bears the risk that Models or Data used as an input by Aegon AM US will not be successful in helping Aegon AM US determine the size, direction, and/or weighting of investment positions that will enable the account to achieve its investment objective.

Successfully implementing any Models and Data as an input into Aegon AM US' investment processes depends the validity, accuracy and completeness of the Model's development, implementation and maintenance, the Model's assumptions, factors, algorithms, calculations and methodologies, and the accuracy and reliability of the supplied historical or other data.

Models rely on correct and complete data inputs. If incorrect data is entered into even a well-founded Model, the resulting information may be incorrect. There can be no assurance that the use of Models and Data as an input will result in effective investment decisions for an account.

Mortgage-Related and Asset Backed Securities Risk: 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 US 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 US 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 the credit quality or value of the mortgage loans or other assets that support the securities. Mortgage-backed and asset-backed securities are subject to prepayment or call and extension risks. Some of these securities may receive little or no collateral protection from the underlying assets. The risk of default is generally higher in the case of mortgage backed investments that include so-called "sub-prime" mortgages. The structure of some of these securities may be complex and there may be less information available than for other types of debt securities. Upon the occurrence of certain triggering events or defaults, a 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.

Operational Risk: Accounts are subject to operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, fraud, failure in systems and technology; changes in personnel and external events or errors caused by third-party service providers. These factors can result in losses to an account.

Prepayment or Call Risk: Many issuers have a right to prepay their debt securities. If interest rates fall, an issuer will typically exercise this right. In that event, the security holder will not benefit from the rise in market price that normally accompanies a decline in interest rates, and 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.

Repurchase Agreements Risk: If the other party to a repurchase agreement defaults on its obligation, Aegon AM US could 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, an account could lose money. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, Aegon AM US's ability to dispose of the underlying securities will typically be restricted.

Sovereign Debt Risk: Sovereign debt instruments, which are debt obligations issued or guaranteed by a foreign governmental entity, are subject to the risk that the governmental entity will delay or fail to pay interest, or fail to 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 might ask for more time in which to pay or for further loans, or ask for forgiveness of interest or principal on its existing debt. On the other hand, a governmental entity might be unwilling to renegotiate the terms of its sovereign debt. There might be no established legal process for a bondholder to enforce its rights against a governmental entity that does not fulfill its obligations. 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.

Valuation Risk: The sales price an account could receive for any particular portfolio investment may differ from the value at which the investment is carried in the account (whether determined by the account's owner, custodian, administrator or other service provider), particularly for securities that trade in thin or volatile markets, that are priced based upon valuations provided by third-party pricing services that use matrix or evaluated pricing systems, or that are valued using a fair value methodology.

Yield Risk: The amount of income received by the 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. If interest rates increase, the portfolio's yield may not increase proportionately.

Item 9 – Disciplinary Information

On August 27, 2018, the SEC issued an Order Instituting Administrative and Cease-And-Desist Proceedings (Order) naming Aegon AM US and certain of its affiliates. The Order is a result of the settlement of the previously reported ongoing SEC investigation. The Order contains SEC findings of federal securities law violations, neither admitted nor denied, related to the period between July 2011 and June 2015, regarding, among other things, errors in Aegon AM US' past operation and/or implementation of asset allocation models and volatility overlays developed and utilized by Aegon AM US when it served as a sub-adviser to certain Transamerica-sponsored mutual funds and underlying funds held by certain variable products, and as a model manager for certain strategies offered in certain separately managed account programs. The Order also

states that the parties failed to make appropriate disclosures regarding these matters and the identity of the initially named portfolio manager for certain of the funds at issue. In addition, the Order states that the parties failed to have adequate compliance policies and procedures.

The tactical, mutual funds involved were:

- Transamerica Dynamic Income (formerly, Transamerica Tactical Income (“TTI”));
- Transamerica Dynamic Allocation (formerly, Transamerica Tactical Rotation (“TTR”)); and
- Transamerica Dynamic Allocation II (formerly, Transamerica Tactical Allocation (“TTA”).

The asset allocation, underlying funds held by certain variable products were:

- 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 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).

Aegon AM US ceased to serve as sub-adviser to the tactical funds on April 30, 2015, and to the Transamerica asset allocation funds on June 30, 2015.

Aegon AM US also served as a model manager for certain strategies offered through the I-Series portfolios, a separately managed account program that provided diversified model portfolios that employed strategic, alternative and tactical asset allocation strategies, offered and advised by Transamerica Financial Advisers, Inc.

The I-Series Strategies included:

- Global Tactical Allocation – Conservative;
- Global Tactical Allocation – Balanced;
- Global Tactical Allocation – Growth;
- Tactical Fixed Income;
- Global Tactical Income; and
- Global Tactical Rotation.

Aegon AM US’s model-manager relationship with the I-Series Strategies ended as of May 29, 2015.

Under the terms of the Order, Aegon AM US and certain named affiliates were censured and agreed, without admitting or denying the findings in the Order, to cease and desist from committing or causing any violations of Section 17(a)(2) of the Securities Act of 1933, Section 15(c) of the Investment Company Act of 1940, Sections 206(2) and 206(4) of the Investment Advisors Act of 1940 and Rules 206(4)-1(a)(5), 206(4)-7 and

206(4)-8 thereunder.. Aegon AM US agreed to pay civil penalties of \$21,000,000, \$24,599,896 in disgorgement and \$3,682,195 in prejudgment interest. The amounts paid in disgorgement, prejudgment interest and civil penalties will be deposited into a Fair Fund (“Fund”) for distribution to affected investors. Affected investors are those who purchased or held an interest in any of the relevant mutual funds, variable life insurance and annuity investment portfolios and separately managed account strategies during the period between July 1, 2011 and June 30, 2015. The Order states that these investors are to receive from the Fund an amount related to the *pro rata* fees and commissions paid by them during that period, plus interest, subject to a *de minimus* threshold.

In accepting the settlement, the SEC considered the substantial cooperation and the remedial efforts of Aegon AM US and its named affiliates. In the Order, the SEC acknowledged that, after the start of the SEC staff’s investigation but before the settlement, Aegon AM US and named affiliates had voluntarily retained a consultant to conduct a comprehensive independent review of certain compliance policies and procedures, internal controls and related procedures, and that the consultant’s written findings had been received and proposed changes implemented. The SEC also acknowledged that, in advance of receiving recommendations from the consultant, the named parties had already begun making revisions and improvements to their compliance policies and procedures. The SEC also considered that the named parties have retained the consultant for further reviews through the completion of the consultant’s follow-up review for fiscal year 2019.

The language in the settled Order does not impose any restrictions on the business of Aegon AM US.

The foregoing is only a brief summary of the Order. A copy of the Order is available on the SEC’s website using the following [LINK](#).

Item 10 – Other Financial Industry Activities and Affiliations

Legal and Governance Structure

As mentioned in Item 4.A, Advisory Business – Overview above, Aegon AM US is a direct wholly owned subsidiary of AUAM Holding. AUAM Holding, and in turn Aegon AM US, are indirect wholly owned subsidiaries of Transamerica Corporation, which in turn is an indirect wholly owned subsidiary of Aegon NV.

The day-to-day affairs of Aegon AM US are managed and overseen by a committee called the Executive Committee (“EC”). The EC is overseen and challenged by Aegon AM US’s Board of Managers. The Board of Managers of AUAM Holding appoints and removes Aegon AM US’s Board of Managers in its sole discretion.

The boards of Aegon AM US and AUAM Holding have adopted a governance framework whereby one or more entities within the Aegon NV organization generally oversee the Aegon Asset Management group companies. Within this framework, boards and committees of the Aegon Asset Management group companies and other affiliates within the enterprise interact and hold periodic joint meetings. Further, certain matters related to Aegon AM US are escalated and reserved for decision-making within the global enterprise.

A. Registered Representatives

Certain management persons and employees of Aegon AM US are registered representatives of an unaffiliated broker-dealer. These arrangements support distribution of Aegon AM US’ products but are not significant to Aegon AM US’s core institutional investment management activities.

B. Registration as Commodity Trading Advisor

Aegon AM US is registered as a Commodity Trading Advisor (CTA) with the Commodity Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA) effective August 2015. Certain management persons and employees of Aegon AM US are Associated Persons under Aegon AM US' CTA registration.

C. Relationships with Related Persons

1. Participating Affiliate

As referenced in Item 8.B.1, Methods of Analysis, Investment Strategies and Risk of Loss - Methods of Analysis: Sector and security-level idea generation, Aegon AM US and AIM share a Global Research Platform. AIM is not registered with the SEC or any state authorities.

Aegon AM US receives investment research, advice and recommendations on corporate and sovereign debt issuers and securities from certain AIM personnel through a participating affiliate arrangement. These AIM personnel, with respect to their global research activities, are considered Aegon AM US associated persons, are subject to certain of Aegon AM US's compliance policies and procedures (and related monitoring by Aegon AM US and AIM), and are subject to Aegon AM US's supervision with respect to their Global Research Platform activities. Aegon AM US maintains a list of the employees for each affiliate that Aegon AM US has deemed an associated person, which Aegon AM US will make available to current and prospective clients of Aegon AM US upon request.

Aegon AM US's investment professionals can use investment research, advice and recommendations from AIM personnel as an input in their investment decision-making process for Aegon AM US's clients. However, only Aegon AM US investment professionals make investment and trading decisions on behalf of Aegon AM US's clients.

Aegon AM US and AIM independently manage investment strategies that separately utilize and depend on the Global Research Platform. Conflicts of interest, or at least the appearance of conflicts, will arise when portfolio managers from each firm invest or trade in the same securities or issuers on behalf of their respective clients. These conflicts can include advance access to investment research that results in the preferential treatment or the possibility of preferential allocation of securities trading opportunities that have limited availability.

Aegon AM US has developed policies and monitoring designed to reasonably ensure that the activities performed by associated persons comply with applicable regulatory requirements and address material conflicts of interest.

2. Aegon Real Assets and Aegon AM US Employee Sharing and Services Sharing Agreement

Aegon AM US performs the following services for Aegon Real Assets: internal audit; information technology services, support and related services; information security, project management, client services, compliance, human resources, legal services, marketing and distribution, public relations and communications, operational risk management, vendor management, records management, portfolio risk management and control, finance, data and data management, executive oversight and holding expenses, global overhead, product development, real asset related research, model management and general account support. Aegon Real Assets performs the following services for Aegon AM US: real estate related research, legal services; and partnership and fund accounting.

3. Dual Employees and Shared Resources

Aegon AM US maintains relationships with certain of its affiliates or persons under common control, including:

- Certain senior managers who work within the Aegon Asset Management group of companies are involved in aspects of Aegon AM US's business activities but do not exercise control over setting strategy, policy and investment decision-making for Aegon AM US's clients. Authority and responsibility for investment decision-making rests with Aegon AM US's portfolio management teams.
- Various investment personnel within the Aegon Asset Management group of companies collaborate on development of the global house views (see Top-Down Analysis under Item 8.B, Methods of Analysis, Investment Strategies and Risk of Loss - Methods of Analysis), generate global investment research and may support other related activities. All decision-making relating to securities selection and portfolio construction and maintenance of Aegon AM US's client accounts is performed by Aegon AM US employees.
- Certain Aegon AM US Supervised Persons (as defined in Item 11.A, Code of Ethics – Standards of Conduct, below) serve as dual employees for various affiliates (e.g., various Transamerica insurance companies and Massachusetts Fidelity Trust Company). Some Supervised Persons also serve as senior managers, officers or directors for one or more affiliates (e.g., Aegon Real Assets and Massachusetts Fidelity Trust Company).
- Aegon AM US shares facilities with affiliates (e.g., Aegon Real Assets and various Transamerica insurance companies) and relies on, utilizes and receives the benefits of, and shares with affiliates and the broader Aegon organization, for centralized business functions such as operations, information technology, information systems, human resources, business continuity, legal, finance, payroll, compliance, enterprise risk management and internal audit. Many of these activities are performed through global matrix reporting arrangements. Some of the centralized services can have a portion of the process outsourced to a third-party provider.
- Certain Supervised Persons will be involved in investment decision-making, trading processes, or administration for accounts managed on behalf of affiliates (e.g., various Transamerica insurance companies).
- Certain of its affiliates provide assistance with marketing and client relationship activity. Certain affiliates (e.g., Aegon Asset Management Asia LTD, Aegon Asset Management Pan-Europe BV, Aegon Investment Management BV, Aegon Real Assets US, TKPI and Kames Capital plc) assist Aegon AM US in various capacities including identifying prospective clients, understanding the regulatory requirements in certain foreign jurisdictions and managing client relationships.

Aegon AM US has implemented oversight and governance standards and internal controls to address these relationships with related persons, including the supervision of its Supervised Persons serving in dual capacities.

4. Insurance Companies and Other Affiliates

Aegon AM US serves as investment adviser or sub-adviser to various insurance companies (e.g., Transamerica) and affiliates that are part of the Aegon family of companies. These affiliates' combined assets represent the largest portion of Aegon AM US's assets under management. Aegon AM US also performs administrative and

back-office functions on behalf of these affiliated insurance companies that are not generally performed for unaffiliated clients.

5. Pooled Investment Vehicles

Aegon AM US serves as sub-adviser for several open-end mutual funds that are sponsored and managed by Transamerica Asset Management, Inc., which is part of the Aegon family of companies, an affiliate of Aegon AM US, and a registered investment adviser with the SEC. Transamerica Capital, Inc., an Aegon affiliated broker-dealer, serves as the mutual funds' distributor.

Aegon AM US serves as sub-adviser to a number of pooled investment vehicles sponsored or managed by US (e.g., Massachusetts Fidelity Trust Company) or foreign Aegon affiliates (e.g., AIM).

Aegon AM US serves as the managing member of, and investment adviser to Zero Beta Fund, LLC, an affiliated limited liability company that invests in a diversified portfolio of private investment partnerships or similar vehicles that pursue a variety of investment strategies. Some of Aegon AM US's affiliated insurance company clients are solicited to invest in this fund.

Aegon AM US serves as the managing member of, and investment adviser to Aegon Managed Enhanced Cash, LLC, an affiliated private fund that invests cash collateral received by Aegon AM US's affiliated clients in relation to securities lending activities. Some of Aegon AM US's affiliated insurance company clients are solicited to invest in this fund.

6. Other Investment Advisers

Aegon AM US serves as the sub-adviser for its foreign affiliate, AIM. AIM may also delegate additional sub-advisory mandates to Aegon AM US as well as offer certain private funds advised by Aegon AM US in the Netherlands.

Aegon AM US has an arrangement in place whereby its foreign affiliate (Kames Capital plc, an SEC registered investment adviser), may delegate sub-advisory mandates to Aegon AM US as well as offer certain private funds advised by Aegon AM US. Aegon AM US has agreed to act as a solicitor on behalf of Kames Capital plc in the US and in certain other jurisdictions.

Aegon AM US, Kames Capital plc, AIM and certain other affiliates also collaborate in various capacities including understanding the regulatory requirements in various jurisdictions and managing client relationships.

7. Service Providers

In certain circumstances, [Aegon AM US uses service providers also used by affiliates including affiliated registered investment advisers (Aegon AM US, Transamerica Asset Management, Inc., Transamerica Retirement Advisors, LLC, and Transamerica Financial Advisors, Inc.), broker-dealers (Transamerica Capital, Inc, Transamerica Investor Securities Corporation, and Transamerica Financial Advisors, Inc.) and registered investment companies advised by Transamerica Asset Management, Inc.; or which are affiliated with subadvisors used by affiliated registered investment advisers.

8. *Conflicts of Interest*

Affiliate relationships, the most significant of which are insurance companies (e.g., various Transamerica insurance companies), represent Aegon AM US's largest clients. A conflict of interest, including but not limited to conflicts of interest when allocating investment opportunities, will arise when Aegon AM US is acting on behalf of the accounts of affiliated and unaffiliated clients. In each case, Aegon AM US recognizes the responsibility to treat all clients fairly and consistently, and portfolio decisions made for unaffiliated accounts will be equitable, where applicable, with the decisions made for affiliated accounts.

Aegon AM US provides certain investment research that it creates for its discretionary investment advisory clients to a nondiscretionary affiliate client (La Banque Postale Asset Management SA). Similarly, Aegon AM US prepares investment research for its nondiscretionary affiliate client that could benefit its discretionary clients. Aegon AM US has addressed the conflict of interest by limiting the research provided to issuer level research and not providing trade recommendations to the affiliate.

D. Foreign Financial Regulatory Authority

Aegon AM US is a Qualified Foreign Institutional Investor ("QFII") registered with the China Securities Regulatory Commission. A QFII designation allows licensed foreign investors to participate in the Chinese A-shares equity and RMB bond markets.

Aegon AM US is registered with the South Korean Financial Supervisory Service as a Cross-Border Discretionary Investment Manager.

Item 11 – Code of Ethics

A. Standards of Conduct

Aegon AM US has adopted a Code of Ethics ("the Code") for its officers, directors, employees and control persons ("Supervised Persons") that sets forth Aegon AM US's standards of conduct and requires compliance with federal securities laws. The Code is based on the principle that Supervised Persons owe a fiduciary duty to Aegon AM US's clients, including the duties of honesty, good faith and fair dealing.

Aegon AM US' Supervised Persons who have access to non-public information regarding clients' purchase or sale of securities, holdings, or research recommendations are deemed to be Access Persons and are subject to enhanced Code requirements specifically related to personal securities transactions. Access Persons must conduct their personal activities in a manner that does not violate federal securities laws, interfere with client accounts, or otherwise take unfair advantage of client relationships. Accordingly, Aegon AM US Access Persons may not:

- a) Profit, or cause others to profit, based on his or her knowledge of completed or contemplated client transactions;
- b) Engage in fraudulent conduct in connection with the trading of securities in a client account; or
- c) Personally, benefit by causing a client to act, or fail to act, in making investment decisions.

To further mitigate potential conflicts of interest, the Code imposes restrictions on personal securities transactions in which Access Persons have a beneficial interest, including preclearance and holding-period requirements for certain reportable securities. The Code also imposes blackout periods when Access Persons

seek to transact in the same securities for their personal accounts that are being purchased or sold on behalf of clients or Aegon Real Assets or Aegon AM US. Access Persons also have the opportunity to invest in certain public or private investment vehicles (directly or through their individually managed 401(k) accounts) that are advised or sub-advised by Aegon AM US or Aegon Real Assets.

Aegon AM US' Supervised Persons have an ethical and legal obligation to avoid conflict-of-interest situations, disclose potential conflicts and seek clarification when warranted. To that end, Aegon AM US' Supervised Persons must comply with restrictions and reporting requirements related to the offering or receipt of gifts and entertainment. Supervised Persons must also obtain pre-approval for outside business activities that could conflict with their duties to Aegon AM US or its clients.

Certain AIM personnel provide Aegon AM US with investment research, advice and recommendations through a participating affiliate arrangement (see in Item 10.C.1, Other Financial Industry Activities and Affiliations – Relationships with Related Persons: Participating Affiliate). These personnel, with respect to their research, advice and recommendation activities, are considered Access Persons and subject to the Code.

Clients can obtain a copy of Aegon AM US's Code of Ethics by calling (877) 234-6862, sending an email request to <mailto:aegoninvestments@aegonusa.com>, or sending a written request to:

AEGON USA Investment Management, LLC
4333 Edgewood Road NE
Cedar Rapids, IA 52499
Attention: Chief Compliance Officer

B. Principal Trading

Aegon AM US manages accounts on behalf of related persons but does not generally engage in transactions where it acts as principal for an affiliate's account; buying securities from or selling securities to an unrelated client's account. If Aegon AM US engages in these principal trades, it will do so in compliance with Section 206(3) of the Act.

See Item 12.E, Brokerage Practices, Cross Transactions for a description of cross trades.

C. Other Financial Interests

In certain circumstances Aegon AM US portfolio managers will invest in securities issued by third parties, but managed by Aegon AM US in lieu of similar securities issued and managed by independent entities. Aegon AM US seeks to mitigate any conflicts of interest by ensuring that any such investments do not increase fees for Aegon AM US or the portfolio managers involved in managing the securities.

D. General Investment Advice

Aegon AM US serves as investment manager for many clients. Aegon AM US and its Supervised Persons can give advice or take action in performing duties for certain discretionary and/or non-discretionary clients' portfolios, or for their own accounts, that differs from advice given to or action taken for another client. Aegon AM US is not obligated to buy, sell or recommend for another client any security or other investment that Aegon AM US or its affiliates can buy, sell or recommend for any other client or for their own accounts. Provided not inconsistent with the best interest of discretionary clients, Aegon AM US may make differing recommendations to non-discretionary clients in the same underlying issuer or securities. Further, Aegon AM

US provides investment services or advice on specific securities or other investments that is made available to affiliated clients only.

Conflicts of interest exist any time an investment advisor manages accounts for more than one client, especially when some of its clients are affiliated clients (e.g., various Transamerica insurance companies). To address such conflicts Aegon AM US maintains policies and procedures and monitors for equitable trade allocation (see Item 12.D, Brokerage Practices, Trade Aggregation and Allocation).

E. Investments in Different Parts of an Issuer's Capital Structure

Aegon AM US faces potential conflicts of interest when it, on behalf of one or more of its clients, invests in different instruments, classes of securities or parts of an issuer's capital structure. Aegon AM US periodically faces circumstances where on behalf of clients with different investment objectives, or when clients have different financial interests, it pursues rights or privileges with respect to an issuer that has, or may have the potential to have, an adverse effect on certain clients. It is possible that in connection with an issuer's insolvency, bankruptcy, reorganization, or similar proceeding, a client will be limited (by applicable law, courts or otherwise) in the positions or actions it will be permitted to take due to other interests held by or actions or positions taken by Aegon AM US.

Aegon AM US addresses these conflicts based on the specific facts and circumstances. Aegon AM US may rely on information barriers to prevent the sharing of information between investment teams, rely on an internal conflicts committee to provide guidance or it may seek external advice. Aegon AM US will seek to resolve these conflicts in each affected client's best interests. However, under the circumstances, the conflicts may not necessarily be resolved in favor of every client. Some clients may receive greater benefits while other clients may receive less benefits or higher losses than had the conflicts not existed.

Item 12 – Brokerage Practices

A. Selecting Broker-Dealers

Aegon AM US has discretionary authority to select broker-dealers used to place client trades unless otherwise specified by the client. Aegon AM US has policies and procedures in place to ensure that fixed income and equity trades are only placed through approved brokers, which would not include brokers that are affiliated with Aegon AM US. In placing derivative trades, derivative traders can only act on quotes from brokers with whom pre-existing derivative trading agreements are in place with clients or Aegon AM US. These agreements include, but are not limited to: ISDA/CSA agreements, execution agreements and give-up agreements.

Aegon AM US prohibits trades to be placed with brokers based on conflicts of interest, such as their receipt of gifts and entertainment, fund distribution, client referrals, recommending Aegon AM US's services to current or prospective clients or personal relationships. Finally, Aegon AM US has not entered into any soft dollar arrangements and does not pay-up for research.

Aegon AM US shall seek to direct the execution of securities transactions for its clients in such a manner that the client's total cost or proceeds in each transaction are the most favorable under the circumstances. Aegon AM US recognizes that seeking best execution relies on a comprehensive trading process that incorporates various qualitative and quantitative factors, as well as retrospective review and oversight.

Although the best net price or yield for fixed income transactions, giving consideration to brokerage commissions, spreads and other costs, is an important and primary factor when traders select an appropriate broker for a given transaction, traders also consider other factors when seeking best execution for client trades such as: their knowledge of negotiated commission rates and spreads, the nature of the security or instrument to be traded, the size and type of transaction, the nature and character of the markets; the desired timing of the trade, the need for confidentiality and anonymity; the broker's settlement capabilities, reputation and financial strength.

Secondary factors will also be considered such as: direct access to a broker's trading desk and the familiarity of the broker contact person(s) with Aegon AM US's business and interests, the extensiveness of the broker's network and its ability to fill orders in limited availability securities, the extent to which a broker is willing to commit its own capital to fill difficult trades, research and market intelligence made available to Aegon AM US by the broker; the extent to which the broker is able to provide access to companies through trade shows, conferences or other contacts; new issue allocations and a broker's execution services rendered on a continuing basis. However, any secondary factors considered will not outweigh Aegon AM US's primary goal of obtaining best net price in any given transaction and Aegon AM US will not pay-up for research.

Traders placing derivatives transactions for clients seek competitive price quotations and multiple bids from brokers for which Aegon AM US or clients have established trading arrangements. In seeking best execution, derivative traders may also consider the following prior to placing derivatives transactions with brokers: speed of a broker's quote, trading expertise and skill, integrity, trading facilities, responsiveness and capacity/capability in specific derivative transactions.

Aegon AM US maintains a Best Execution Committee that is comprised of employees from Compliance and Investment Management. The Best Execution Committee typically meets on a quarterly basis to discuss and review, among other things, order flow to existing brokers, the addition of brokers to the approved broker list, and quantitative and qualitative analysis related to best execution.

Senior Managers in the Derivatives Management team are responsible for monitoring transactions and dealer volumes for consistency with Aegon AM US's Best Execution Policy.

B. Soft Dollar Benefits

Most of Aegon AM US's trading on behalf of clients is with respect to fixed income securities that do not involve the payment of brokerage commissions and do not generate soft dollar credits. With respect to brokerage transactions involving equity securities, Aegon AM US does not pay higher brokerage commissions to pay for research or to generate soft dollar credits.

Broker-dealers, including those used by Aegon AM US to execute trades for clients, provide research to Aegon AM US, typically at no cost. Generally speaking, such research includes written reports on the economy, industries, sectors, and individual companies or issuers; appraisals and analysis relating to markets and economic factors; statistical information, political analyses, reports on legal developments affecting specific issuers, information on technical market actions, credit analyses and analyses of corporate responsibility issues. These arrangements could be deemed soft dollar benefits even though no client brokerage commissions are used to pay for them.

Aegon AM US's receipt of research presents a conflict of interest because Aegon AM US receives a benefit that it does not have to pay for from its or its client's resources. This could incentivize Aegon AM US to select

broker-dealers based on the receipt of research rather than receiving the most favorable execution. Aegon AM US seeks to eliminate this conflict of interest by directing brokerage transactions to those broker-dealers whom it believes provide best execution.

Generally speaking, research obtained from broker-dealers does not relate to specific client trades. Research received under these arrangements will be used in the management of all Aegon AM US client accounts, including accounts of clients who might not have traded with broker-dealers that provide research. Aegon AM US believes that, in the aggregate, research it receives supplements the firm's research, and to the extent used, assists with Aegon AM US's investment decision-making responsibilities. Aegon AM US also shares certain research with its affiliates.

C. Directed Brokerage

While Aegon AM US generally selects broker-dealers to place client trades, clients can select broker-dealers at their own discretion. If a client directs Aegon AM US to place securities transactions through a broker-dealer, the client should consider the following factors:

- The arrangement could compromise Aegon AM US's ability to seek best execution.
- Aegon AM US will not negotiate commissions on the client's behalf, which could result in higher commissions, or less favorable net prices than would be the case if the firm alone selected the broker-dealers.
- The arrangement might prohibit the client from participating in aggregated trades for other client accounts, which could result in less favorable executions.
- The account might not generate returns equal to those of other Aegon AM US clients in the same strategy who do not direct brokerage.

D. Trade Aggregation and Allocation

Aegon AM US allocates investment opportunities among clients in a manner intended to result in fair and equitable treatment to clients over time. Factors that influence a decision to allocate investment opportunities among client accounts include but are not limited to:

- account investment objectives, guidelines and constraints;
- current account holdings, including asset class, sector, industry and issuer concentrations, both on an absolute basis and relative to the account's benchmark;
- desired risk profiles of the account, including credit quality, maturity or duration distributions, and the impact the proposed investment would have on these measures;
- cash availability and future cash flow expectations;
- legal, regulatory, tax and similar factors; and
- allocation considerations based on criteria such as round-lot provisions or minimum transaction size.

Many of the accounts that Aegon AM US manages trade in the same securities. Given this, Aegon AM US typically combines transactions for different clients into aggregated orders. This practice can enable the firm to seek more favorable executions and net prices. Portfolio managers can use any method to allocate transactions among participating accounts, provided the method is consistent with Aegon AM US's policy is appropriately documented and, over time, no client is unduly favored over another. Aegon AM US will attempt

to aggregate orders in the same security for both discretionary and non-discretionary clients provided that each participating non-discretionary client is able to confirm its participation in a proposed order in a timely manner. Aegon AM US will not delay placing an order for execution for discretionary clients while awaiting non-discretionary client approval if doing so would negatively impact the quality of execution and price, among other factors necessary to seek best execution, for discretionary clients. Non-discretionary clients are informed of this at the time of retaining Aegon AM US so that the decision to use Aegon AM US as a non-discretionary adviser is fully informed.

E. Cross Transactions

Aegon AM US typically executes trades in client accounts through the open market. When deemed in clients' best interests, permissible by regulation and client agreement, and consistent with the firm's best execution obligations, Aegon AM US will facilitate internal cross trades between two unrelated client accounts. When a mutual fund is involved, the internal cross transactions will be executed in accordance with the requirements, including pricing methodology, of Rule 17a-7 under the Investment Company Act of 1940. A conflict of interest exists when Aegon AM US engages in internal cross transactions as Aegon AM US is advising both clients. Aegon AM US seeks to mitigate this conflict through policies and procedures that require any internal cross transactions to be effected at fair market value.

Aegon AM US frequently engages in internal cross trades involving two or more affiliated client accounts. These cross transactions are typically conducted at an affiliated client's request. Aegon AM US does not receive compensation for such cross transactions. These transactions are typically priced using one of the following two standards established by the client:

- Assets transferred between accounts for the same affiliated client are considered book value transfers. These transfers can occur at any time using the book values as of the end of the prior month.
- Assets transferred between affiliated clients during the first ten business days of the month take place at the most recent month-end prices. Transfers that occur at any other time during a month are re-priced, subject to Aegon AM US's pricing policies and procedures, and transferred within two business days.

Aegon AM US does not intend to engage in cross trades involving ERISA accounts.

F. Trade Errors

Consistent with its fiduciary duties, Aegon AM US's policy is to take the utmost care in making and implementing investment decisions for client accounts. To the extent that trade errors occur, Aegon AM US seeks to ensure the client's best interests are served when correcting such errors. Aegon AM US makes its determinations regarding trade errors on a case-by-case basis, in its discretion, based on factors it considers reasonable, including regulatory requirements and business practices.

A trade error generally is compensable by Aegon AM US to a client or fund when it is a mistake (whether an action or inaction), in Aegon AM US's reasonable view, that deviates from the applicable standard of care in managing an account. Aegon AM US has adopted trade error policies and procedures to guide the resolution of, and to help prevent the recurrence of, such errors.

Aegon AM US will determine the amount to be reimbursed, if any, based on what it considers reasonable in light of all facts and circumstances related to such errors.

In the event Aegon AM US identifies a trade error prior to the transaction settlement date, Aegon AM US will generally book the correct transaction into the client's account and reverse and book the incorrect trades into an Aegon AM US proprietary error account. The transaction will not likely be reflected on the client's account statement. An open-market transaction to offset any incorrect trade will be performed in Aegon AM US's error account. The correcting transaction will be done in a manner where Aegon AM US bears all the market risk (and will absorb any losses and retain any gains), while the client's account is not financially impacted. If the foregoing process cannot be followed due to the nature of the error or the level of gain or loss, then Aegon AM US shall determine the proper course of action on a case-by-case basis.

Aegon AM US will generally correct any trade error identified after the original transaction settlement date by executing open-market transactions in the client's account. Both the error and correction will be reflected in the client's account. Aegon AM US will reimburse the client's account for any losses, including any related transaction costs. The client's account will retain any gains. In general, Aegon AM US will net gains and losses across a client's accounts related to the same trade error.

Item 13 – Review of Accounts

Aegon AM US frequently reviews client accounts. Portfolio managers who have discretion over a client's portfolio are expected to review the portfolio's performance and account fundamentals, such as portfolio duration, on a daily basis. The portfolio managers also review monthly risk analysis and performance dispersion among client portfolios in the same or similar strategy. The level of review varies, depending on the level of activity, change and volatility inherent with each account.

In addition, on a monthly basis, a committee meeting is held to review various reports associated with portfolio performance across Aegon AM US clients. Committee attendees include the Chief Investment Officer, key investment personnel and senior representatives from other functional areas. The committee typically discusses performance, the market environment and portfolio dispersion. In situations where it appears that a particular portfolio is not generating performance similar to the performance of other portfolios within the same investment strategy, the portfolio manager will discuss the reasons for the performance dispersion.

Client investment guidelines are monitored on a daily basis by Aegon AM US's Portfolio Risk Management & Control team, a compliance oversight function that is separate from the portfolio management team. When necessary, portfolio managers are involved to resolve any identified compliance issues.

For affiliated insurance company clients, reports typically are provided monthly, quarterly and annually. Reports on account composition, trading activity and yields are provided monthly. Reports on investment income trends and gains and losses are provided at least quarterly.

For unaffiliated clients, written reports typically are provided on a monthly basis. The contents of these reports may include, based on client preference, market commentary; account summaries of monthly and year-to-date account changes; performance information, account statistics quality distributions and any applicable credit-rating changes; a description of the account's holdings and any purchases or sales.

Item 14 – Client Referrals and Other Compensation

A. Client Referrals

Aegon AM US has entered into compensation arrangements with certain affiliated (e.g., Aegon Asset Management Asia LTD, Aegon Real Assets and Aegon Asset Management Pan-Europe BV) and non-affiliated persons who act as solicitors. Any such relevant arrangements will at all times be maintained in compliance with Rule 206(4)-3 under the Act. Aegon AM US compensates solicitors based on a percentage of the management fee it earns from the account a solicitor has introduced, pays a one-time fee, or a combination of these. These arrangements do not increase the fees charged by Aegon AM US to any client. Aegon AM US also has the ability to act as solicitor for Aegon Real Assets and Kames Capital plc.

Payment of solicitation compensation can cause a solicitor to recommend Aegon AM US over another adviser that does not pay solicitation compensation. When a solicitor receives compensation from Aegon AM US, such solicitor will have a conflict in advising clients with respect to hiring Aegon AM US as an investment adviser. Further, solicitors might receive different amounts of compensation with respect to different Aegon AM US products and therefore have incentives to favor one or more products over others.

Aegon AM US and its affiliates also receive client referrals from unaffiliated consultants retained by investors. While Aegon AM US does not directly compensate consultants, Aegon AM US may from time to time make payments to these consultants to participate in conferences sponsored by the consultants in order to, among other things, obtain information about industry trends and investor investment needs. In addition, Aegon AM US and its affiliates have historically purchased products or services from these consultants or their affiliates.

B. Other Compensation

Other than compensation received directly from Aegon AM US, employees cannot accept any form of compensation for providing advisory services. Aegon AM US maintains written policies and procedures with respect to the giving and receipt of gifts and entertainment. These policies and procedures are reasonably designed to comply with applicable law, including pay-to-play restrictions. The policies and procedures prohibit giving or receiving gifts, entertainment, donations or contributions that Aegon AM US determines are lavish or excessive under the circumstances.

Item 15 – Custody

Unaffiliated clients are responsible for selecting their custodians. Aegon AM US does not act as a qualified custodian for client accounts and, in the normal course of its duties, does not take physical custody or control of client assets.

Aegon AM US performs various back-office functions for affiliated clients, some of which constitute custody under Rule 206(4)-2 of the Act. With respect to these arrangements, Aegon AM US has implemented the following custody controls:

- reasonable due inquiry to verify that the custodians provide clients with at least quarterly account statements;
- internal policies and procedures and other controls designed to prevent and mitigate Aegon AM US or its employees having unauthorized access to client assets; and

- annual surprise examinations by an independent public accountant to verify the existence of client assets.

For certain private funds, in lieu of a surprise examination, Aegon AM US delivers clients audited financial statements (presented in accordance with the requisite accounting principles) within the requisite timeframe specified in the Custody Rule. Private funds that do not have audited financial statements will be subject to a surprise examination.

The auditors chosen to perform the surprise examinations and private fund audits are independent public accountants registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

Clients should receive statements from their qualified custodian at least quarterly. Clients are encouraged to carefully review their custodian's statements. The custodian's statements represent the client's official account records. To ensure all account transactions are proper, Aegon AM US urges clients to compare statements received from Aegon AM US to statements received directly from their custodian. Aegon AM US statements can vary from custodial statements due to accounting practices, reporting dates or valuation methodologies for certain securities.

Item 16 – Investment Discretion

Aegon AM US typically accepts discretionary authority to manage securities accounts on behalf of its clients. Aegon AM US typically enters into an investment management agreement with its clients or sub-advisory agreements with relevant third parties. As part of the client onboarding process, Aegon AM US will review and negotiate the agreement with the client. In situations where Aegon AM US has discretionary authority pursuant to the client agreement, an investment policy statement or investment guidelines may be agreed to by the client that could limit Aegon AM US's discretionary authority. These guidelines are reviewed and discussed with the client during the onboarding process. When exercising discretionary authority, Aegon AM US determines, without obtaining specific client consent, the types and quantities of securities to buy and sell. Aegon AM US will not typically begin managing a client's account without a signed agreement including investment guidelines.

Accounts are defined as discretionary as long as Aegon AM US is able to implement its investment strategy. All discretionary accounts are included in composites used to present performance results. Aegon AM US will also enter into arrangements where it does not exercise investment discretion, such as when a client imposes conditional trading authority or material investment strategy restrictions.

Aegon AM US engages in a variety of investment activities that can result in its Supervised Persons obtaining material, nonpublic information. In such instances, Aegon AM US Supervised Persons must contact Aegon AM US Compliance, which is authorized to take appropriate measures to prevent Aegon AM US and Supervised Persons from unlawful trading on the basis of material, nonpublic information. The measures can include information barriers or a general restriction on trading in the relevant issuers. When a trading restriction is imposed by Compliance, Aegon AM US will not be able to direct trades that it would otherwise make in client accounts, which could result in client accounts experiencing losses or being otherwise disadvantaged.

Item 17 – Voting Client Securities

Aegon AM US votes proxies on behalf of all client accounts for which it has the requisite discretionary authority except for situations in which a client notifies Aegon AM US in writing that it has retained, and intends to exercise, the authority to vote its own securities. Clients can also request that Aegon AM US vote their securities in accordance with specific guidelines furnished by the client, in which case Aegon AM US will vote such securities within the client's guidelines.

Aegon AM US primarily manages client portfolios of debt securities. For most fixed income clients, the issues for which Aegon AM US votes fixed income securities generally involve amendments to loan documentation, borrower compliance with financial covenants, registration rights, prepayments, insolvency and other distressed creditor situations. Aegon AM US does not maintain specific proxy voting policies or guidelines regarding categories of issues that come before fixed income security holders. Aegon AM US votes fixed income matters on a case-by-case basis, taking into account the unique circumstances related to a particular borrower and other relevant factors.

Aegon AM US also votes proxies related to equity securities that it advises. Aegon AM US's fixed income clients will occasionally receive equity interests resulting from the restructure of debt security investments or in other special situations. Aegon AM US will also vote proxies on the exchange-traded funds (ETFs) to which it provides investment advice and mutual funds that it subadvises. Routine proxy matters associated with equity securities (including but not limited to electing boards of directors, selecting auditors, shareholder rights, proxy contests, corporate governance matters, and executive and director compensation) typically are voted in accordance with standard guidelines.

Aegon AM US will vote proxies when doing so is in the best interest of its clients, taking into consideration all factors relevant to the matters presented. In some situations, acting in the client's best interest will include abstention from voting. For example, Aegon AM US will abstain from voting where the cost of voting securities outweighs the benefits (e.g., voting on international securities where personal appearance is required, not having sufficient information to vote the proxy, etc.).

In fulfilling its proxy voting responsibilities, Aegon AM US can face conflicts of interest. Aegon AM US has implemented internal processes designed to prevent conflicts of interest from influencing proxy voting decisions Aegon AM US makes on behalf of its clients. For those proxies involving a conflict of interest, Aegon AM US will seek to avoid any impropriety or the appearance of any impropriety. Aegon AM US might also retain an independent third party to research the proxy and recommend a vote. Aegon AM US may face conflicts of interest in voting proxies for discretionary and non-discretionary client accounts. Aegon AM US reserves the right to not follow non-discretionary client proxy voting instructions in instances where Aegon AM US determines that such action presents a material conflict of interest or could result in harm to its discretionary clients.

Clients can obtain a copy of Aegon AM US's complete proxy voting policies and procedures upon request. Clients can also obtain information from Aegon AM US about how it voted any securities on behalf of the client's account(s) by contacting (877) 234-6862 or <mailto:aegoninvestments@aegonusa.com>.

Item 18 – Financial Information

A registered investment adviser is required to provide clients with certain financial information or disclosures about its financial condition. Aegon AM US does not require or solicit pre-payment of its investment advisory fees six months or more in advance, it does not have financial commitments that impair its ability to meet contractual and fiduciary commitments, and it has not been the subject of a bankruptcy proceeding.