

**Item 1 – Cover Page**

AEGON USA Investment Management, LLC

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March 29, 2012

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

AUIM is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about AEGON USA Investment Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

The discussion below summarizes the cumulative material changes made to this Brochure since the date of our last brochure dated March 28, 2011.

### *Summary of Material Changes to AUIM's Brochure*

During 2011, AUIM opened an office in Baltimore, Maryland, and closed its office in Los Angeles, California. As a result of these changes, AUIM now makes notice filings, as a federally regulated investment adviser with the State of Maryland and has discontinued making notice filings with the State of California.

AUIM revised the Short Duration and Credit Opportunities fee schedules (Item 5). The prior fee schedule for Short Duration was .22% on the first \$25 million of assets under management; the new fee schedule is .25% on the first \$25 million of assets under management. The prior fee schedule for Credit Opportunities was 1.00% on assets under management plus 10% carry over the negotiated preferred return; the new fee schedule is 1.50% on assets under management plus 15% carry over the negotiated preferred return. In addition, the Long Duration and Convertible Securities fee schedules were added to Item 5, and the Real Estate Partnership Secondaries and Recapitalization fee schedule was removed. Item 5 was also changed to reflect an annual fee of approximately \$5,000 that may be charged to certain clients to cover administrative overhead costs.

AUIM updated its Trade Aggregation and Allocation Policy (Item 12) to more clearly explain how AUIM aggregates trade orders across client accounts and how we allocate trades across client accounts.

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

*Currently, our Brochure may be requested by contacting us at (877) 234-6862 or [aegoninvestments@aegonusa.com](mailto:aegoninvestments@aegonusa.com). Our Brochure is also available free of charge on our web site [www.aegoninvestments.com](http://www.aegoninvestments.com).*

*Additional information about AUIM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

### **Item 3 -Table of Contents**

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 - Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management .....	7
Item 7 – Types of Clients .....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 – Disciplinary Information.....	18
Item 10 – Other Financial Industry Activities and Affiliations .....	19
Item 11 – Code of Ethics.....	21
Item 12 – Brokerage Practices .....	24
Item 13 – Review of Accounts .....	27
Item 14 – Client Referrals and Other Compensation .....	28
Item 15 – Custody.....	28
Item 16 – Investment Discretion .....	29
Item 17 – Voting Client Securities .....	29
Item 18 – Financial Information .....	30

#### **Item 4 – Advisory Business**

AEGON USA Investment Management, LLC (“AUIM”) primarily invests in fixed income debt securities for its clients and is an institutional adviser. AUIM provides investment advisory services to affiliated and non-affiliated clients; please see Item 10 for a discussion of certain of AUIM’s affiliates. AUIM provides asset liability management, asset allocation modeling and strategy services, as well as advice regarding exchange-traded funds, private funds, and other related investments for certain clients.

AUIM does not solicit clients on behalf of others. AUIM may provide administrative services, including certain back office and financial reporting related services, in connection with assets owned or managed by certain companies or clients. Before agreeing to manage a client’s assets, AUIM typically requires a minimum asset level, which can differ depending upon the particular investment strategy involved. AUIM will tailor its advice to the needs of each particular client, depending upon such client’s situation and actual needs. Additionally, pursuant to the agreements between us and our clients, clients may impose restrictions on investments in certain securities or types of securities.

AUIM typically provides discretionary investment advisory services but also provides some non-discretionary services to clients. As of December 31, 2011, AUIM had assets under management in the amount of \$113,521,136,859 for discretionary accounts and \$26,270,079 for non-discretionary accounts, for total assets under management of \$113,547,406,938. AUIM is dedicated to growing its assets under management through the expansion of institutional and retail markets. We believe we are well positioned to grow our business given the strength of the AEGON organization, our experienced team of investment professionals and our commitment to results and client service.

At AUIM, we believe the key success factors to outperforming over the long term are: recognition of the asymmetrical nature of risk and the importance of strong risk management, a long-term perspective and consistent focus on delivering competitive risk-adjusted returns over complete economic cycles and balancing top-down macroeconomic analysis with proprietary traditional and non-traditional bottom-up credit research. See Item 8 for information about our investment strategies and methods of analysis.

AUIM employs approximately 400 professionals with offices in Baltimore, Maryland; Cedar Rapids, Iowa; Chicago, Illinois; and Louisville, Kentucky, and has experience managing a broad range of fixed income assets.

AUIM is a limited liability company formed in 2001 under the laws of the State of Iowa and is an indirect subsidiary of AEGON N.V., a public company ("AEGON"). Previously, AEGON USA Investment Management, Inc. ("AUIM, Inc.") was incorporated April 12, 1989, and was also a registered investment adviser. The assets that were being managed by AUIM, Inc. transitioned to being managed by AUIM on December 1, 2001.

AUIM is registered with the Securities and Exchange Commission (the "SEC") as an investment advisor under the Investment Advisers Act of 1940, as amended (the "Act"). AUIM's registration with the SEC became effective November 1, 2001, and its assigned IARD number is 114537. AUIM, with its principal place of business at 4333 Edgewood Road NE, Cedar Rapids, Iowa 52499-5338, has made notice filings with Illinois, Iowa, Kentucky and Maryland as a federally regulated investment adviser.

#### **Item 5 – Fees and Compensation**

AUIM charges advisory fees consistent with applicable statutes and regulations and the relevant investment management agreement with each client.

The fees paid by the client are typically based on a client's assets under management and may be negotiated, depending on various factors. These factors may include, but are not limited to: the services required by the client, client type, asset class, pre-existing relationship, the size of the account (current or anticipated) and/or other related accounts and investments in other strategies. As a result, clients with similar assets may have differing fee schedules, and some existing clients may pay higher or lower fees than new clients. Clients who negotiate a flat fee schedule may or may not pay a higher total fee than those who pay under a tiered schedule.

In general, upon opening an account, clients are billed for and pay fees prorated for that portion of the billing period, typically monthly or quarterly, that AUIM has provided investment services. Thereafter, when billed, clients pay AUIM a fee typically within 30 days following the close of each billing period. Upon termination, clients pay fees prorated for that portion of the billing period that AUIM provided investment services.

Custody of client assets is maintained by independent custodians. Clients pay all custody fees directly to the custodian.

AUIM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties, such as fees charged by managers,

custodial fees, deferred sales charges, odd lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds may also charge internal management fees, which are disclosed in a fund's prospectus.

Advisory fees vary according to the type of client and type of account. All fees are subject to negotiation. For non-affiliated clients, the standard annual fees are typically calculated as a percentage of market value for various asset classes as follows:

<b>Money Market (Cash Management)</b>	First	\$0 - \$25 million	.12%
	Next	\$25 - \$50 million	.12%
	Next	\$50 - \$100 million	.12%
	Next	\$100 - \$250 million	.10%
		Remaining Assets > \$250 million	.10%
<b>Enhanced Cash</b>	First	\$0 - \$25 million	.15%
	Next	\$25 - \$50 million	.15%
	Next	\$50 - \$100 million	.15%
	Next	\$100 - \$250 million	.11%
		Remaining Assets > \$250 million	.10%
<b>Core Fixed Income</b>	First	\$0 - \$25 million	.30%
	Next	\$25 - \$50 million	.24%
	Next	\$50 - \$100 million	.22%
	Next	\$100 - \$250 million	.18%
		Remaining Assets > \$250 million	.16%

<b>Long Government Credit</b>	First	\$0 - \$25 million	.25%
	Next	\$25 - \$50 million	.25%
	Next	\$50 - \$100 million	.25%
	Next	\$100 - \$250 million	.17%
	Remaining Assets > \$250 million		.16%
<b>Long Duration</b>	First	\$0 - \$25 million	.25%
	Next	\$25 - \$50 million	.25%
	Next	\$50 - \$100 million	.25%
	Next	\$100 - \$250 million	.17%
	Remaining Assets > \$250 million		.16%
<b>Core Plus Fixed Income</b>	First	\$0 - \$25 million	.32%
	Next	\$25 - \$50 million	.28%
	Next	\$50 - \$100 million	.26%
	Next	\$100 - \$250 million	.20%
	Remaining Assets > \$250 million		.19%
<b>Investment Grade Fixed Income</b>	First	\$0 - \$25 million	.30%
	Next	\$25 - \$50 million	.26%
	Next	\$50 - \$100 million	.24%
	Next	\$100 - \$250 million	.20%
	Remaining Assets > \$250 million		.18%

<b>Government Bonds</b>	First	\$0 - \$25 million	.22%
	Next	\$25 - \$50 million	.20%
	Next	\$50 - \$100 million	.16%
	Next	\$100 - \$250 million	.14%
	Remaining Assets > \$250 million		.12%
<b>Short Duration</b>	First	\$0 - \$25 million	.25%
	Next	\$25 - \$50 million	.20%
	Next	\$50 - \$100 million	.17%
	Next	\$100 - \$250 million	.14%
	Remaining Assets > \$250 million		.14%
<b>Ultra Short Duration</b>	First	\$0 - \$25 million	.22%
	Next	\$25 - \$50 million	.20%
	Next	\$50 - \$100 million	.17%
	Next	\$100 - \$250 million	.14%
	Remaining Assets > \$250 million		.14%
<b>Mortgage Backed Securities</b>	First	\$0 - \$25 million	.33%
	Next	\$25 - \$50 million	.32%
	Next	\$50 - \$100 million	.28%
	Next	\$100 - \$250 million	.25%
	Remaining Assets > \$250 million		.24%



### **Commercial Mortgage Backed Securities**

First	\$0 - \$25 million	.38%
Next	\$25 - \$50 million	.37%
Next	\$50 - \$100 million	.33%
Next	\$100 - \$250 million	.30%
	Remaining Assets > \$250 million	.29%

### **Emerging Markets Fixed Income**

First	\$0 - \$25 million	.50%
Next	\$25 - \$50 million	.50%
Next	\$50 - \$100 million	.48%
Next	\$100 - \$250 million	.42%
	Remaining Assets > \$250 million	.38%

### **Emerging Markets Local Currency Debt (Unhedged)**

First	\$0 - \$25 million	.60%
Next	\$25 - \$50 million	.56%
Next	\$50 - \$100 million	.52%
Next	\$100 - \$250 million	.47%
	Remaining Assets > \$250 million	.43%

### **Leveraged Loans**

First	\$0 - \$25 million	.50%
Next	\$25 - \$50 million	.50%
Next	\$50 - \$100 million	.45%
Next	\$100 - \$250 million	.42%
	Remaining Assets > \$250 million	.40%

<b>High Yield Fixed Income</b>	First	\$0 - \$25 million	.50%
	Next	\$25 - \$50 million	.50%
	Next	\$50 - \$100 million	.40%
	Next	\$100 - \$250 million	.40%
	Remaining Assets > \$250 million		.37%
<b>Convertible Securities</b>	First	0 - \$25 million	.58%
	Next	\$25 - \$50 million	.50%
	Remaining Assets > \$250 million		.48%

#### **Credit Opportunities**

All Amounts	1.50% plus 15% carry over the negotiated preferred return
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Fees for entities affiliated with AUIM may differ from the above fees for non-affiliated client accounts.

In addition to fees calculated based on assets under management, AUIM may also charge an annual fee of approximately \$5,000 for certain accounts to cover administrative overhead costs as well as performance fees as described in Item 6.

For derivative contracts, depending on the agreement with a client, AUIM may also charge a negotiated fee per derivative contract per quarter for each derivatives contract in the client's account as of the last day of the prior quarter. In addition, fees may be charged for research, analysis and measurement relating to equity derivatives.

Item 12 further describes the factors that AUIM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

In addition to the fees described in Item 5, AUIM may also negotiate a fee arrangement with certain qualified clients (as defined by the Act) that includes a performance based fee.

Performance based fees are typically calculated based on a share of capital gains on or capital appreciation of the assets of a client. In such cases, AUIM will structure a performance or incentive fee arrangement subject to Section 205(a)(1) of the Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Charging performance-based fees may create an incentive for AUIM to recommend investments that may be riskier or more speculative than those that would be recommended under a non-performance-based fee arrangement. In addition, certain AUIM employees may manage accounts that include performance-based fees as well as accounts that only have asset based fees. Such fee arrangements may create an incentive to favor performance-based fee paying accounts over other accounts in the allocation of investment opportunities. AUIM mitigates these conflicts not only through its policies and procedures that are designed to ensure that all clients are treated fairly and equally and are the recipients of the fair allocation of investment opportunities but also through training of AUIM investment team members.

See Item 12 for additional information about AUIM's Trade Aggregation and Allocation Policy.

## **Item 7 – Types of Clients**

AUIM typically provides portfolio management services to insurance companies, corporate pension and profit-sharing plans, registered mutual funds (including 2a-7 and closed-end mutual funds), pooled investment vehicles, other investment advisers, banks, charitable foundations, individuals (including high net worth), foreign funds such as Undertakings for Collective Investments in Transferrable Securities ("UCITs"), and other U.S. and international institutions.

AUIM typically requires a minimum balance of \$10 million for opening new client accounts. However, in certain circumstances the minimum amount may be waived.

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

### **Methods of Analysis and Investment Strategies**

AUIM is primarily an institutional fixed income manager whose responsibilities include managing and advising on behalf of institutional clients and for retail-related products. AUIM's investment philosophy and strategies draw on its skilled traditional investment teams, the perspectives of professionals across the credit-quality spectrum and the insights of a dedicated research staff.

### ***Investment Strategies***

AUIM develops and designs investment strategies to meet its clients' needs. Examples of prominent investment strategies include: total return strategies, both for a single asset class and for multiple asset classes across the fixed income spectrum; asset liability management, which encompasses duration-sensitive management strategies as well as cash flow management; and constrained strategies based on client restrictions, which includes such parameters as rating limitations, position limits, etc. AUIM also delivers macro and model driven asset allocation strategies, which are either developed by AUIM or based on client parameters and/or requirements and needs.

### ***Investment Process***

AUIM employs a disciplined team-oriented fixed income investment process. AUIM focuses on fundamentals, technicals and valuation at each stage of the investment decision process. The process is broken down into four main categories:

- Idea generation and preliminary screening
- Formal credit review process and decision making
- Management and monitoring
- Risk overlay

#### ***Idea Generation/Preliminary Screening***

The portfolio managers and credit research analysts collectively contribute to idea generation. AUIM begins its investment process with fundamental, independent, bottom-up research of issuers, securities and sectors, leveraging the knowledge and skills of both teams. In this process, AUIM utilizes a proprietary financial model where analysts evaluate financial statements with particular focus on cash flow generation, debt levels, maturity schedules, liquidity, and projections of future credit profiles. If a credit is deemed to have material downside risk, it is reassessed by the investment team prior to investment. In those circumstances additional valuation and liquidity scenario analysis is performed, which provides for a more comprehensive analysis of the downside risks inherent in the investment opportunity.

### *Formal Credit Review Process/Decision Making*

AUIM focuses on proprietary fundamental research and active communication between credit analysts and portfolio managers. The analysts are responsible for covering the companies within a set of specific industries across the entire credit quality spectrum. This provides important industry context of all major players and gives AUIM an advantage in areas where credits are in transition. The analysts are primarily responsible for strict underwriting of new ideas being considered for the portfolio, proactive ongoing monitoring of the existing portfolio in their areas of expertise and structured periodic reviews of their industries. The analyst team also uses this fundamental knowledge to help identify attractive relative value and absolute return ideas, which are then communicated to the portfolio managers. AUIM's core focus is on fundamental credit analysis including forming its own opinions on credit quality and assigning appropriate internal credit ratings. These fundamental views are the driver of our work related to relative value ideas and are the starting point for the bottom-up portion of our portfolio construction and credit strategy work.

In addition, an overlay of top-down economic, business cycle and sector trend analysis is applied to investment candidates, which influences our willingness to take credit risk in certain industry or rating categories. Sector weights are compared to the underlying benchmark; however, the benchmark is a baseline, not a blueprint. AUIM is willing, and often does, accept significant tracking error when compared to the benchmark, depending on the underlying fundamental view of a sector.

### *Management and Monitoring*

AUIM's underwriting bias tends toward sectors with solid cash flow and dynamic or strong asset coverage metrics. During business cycle periods, we may decide to materially underweight or avoid certain sectors based on our fundamental outlook. In spite of that, the investment team continuously looks for opportunities where credits are undervalued and misunderstood by the market.

In the team-based environment, AUIM collaborates on both buy and sell decisions by considering input from the team members before making a decision. Final decisions, however, reside with the portfolio management team.

AUIM's sell discipline tends to fall into two broad categories: credit-related or relative-value trade.

- *Credit-related.* The credit-related category includes any new information that would alter the risk or return profile for the company. Credits are constantly monitored by the research group for new information. If a credit is experiencing significant price volatility, AUIM will re-evaluate that credit to ensure our investment thesis is still sound. AUIM does not have predetermined triggers for reviews, however, they tend to occur when a security under-performs by 5-10% on a relative basis. Given the continuous flow of information, decisions can be made and enacted quickly following reviews by the investment team.
- *Relative-value trade.* Relative-value trades may result from movement in security values, general market conditions or shifts in the overall portfolio strategy. Given AUIM's view that the largest component of returns is generated from the credit decision, AUIM tends to be cautious when conducting relative-value trading and makes sure it considers all factors, including, but not limited to, client impact and transaction costs.

In addition to general portfolio management and monitoring, AUIM has an independent portfolio risk control team ("PRC") that creates, based on the relevant client agreement, and monitors client guidelines within the trading system. The PRC will monitor, through the use of the trading system, any warnings or issues and will follow up with the relevant portfolio manager to ensure issue resolution.

#### *Risk Overlay*

AUIM has ingrained a strong risk management process into its investment framework. Risk management typically occurs through three main avenues:

- *Traditional and distressed credit research efforts.* AUIM feels the combination of a traditional research effort and a distressed research effort provides an additional measure of underwriting scrutiny into the credit review process. This in turn allows AUIM to have a better understanding of the fundamental downside risks in credits throughout the portfolio and allows AUIM to make more grounded risk/reward decisions.
- *Measurement of Risk/Return Metrics.* AUIM's use of technology allows for desk top access to a variety of risk-related metrics during the portfolio management process.

The primary tool is BlackRock's® Aladdin portfolio management system which provides desk top access to a variety of risk measures including portfolio positioning information, tracking error information, value at risk, scenario analysis, and the ability to measure portfolio risk relative to the benchmark under a variety of market scenarios already established in the system. In addition, the system allows for customization of those scenarios in order to more fully incorporate AUIM's broader market outlook.

- *Monitoring of Risk Limits.* As discussed above, in addition to the risk metrics available in the BlackRock® system, we also have the ability to monitor potential compliance issues on a real-time basis. Our system provides for both pre- and post-trade capabilities, which helps to ensure the portfolios are managed to client guidelines.

In constructing portfolios, AUIM considers measures of risk embedded in an individual security (default, illiquidity, coupon deferral, etc.) to ensure the portfolio is adequately compensated for purchasing that security. By constructing a balanced, well-diversified portfolio, AUIM believes it can minimize these risks to the portfolio as a whole.

AUIM's history as an institutional fixed income manager ingrains a strong process of risk management within our investment framework. AUIM recognizes the asymmetrical nature of fixed income and has expertise in managing portfolios with numerous constraints. At the heart of this risk management culture is our rigorous credit review process. This includes the close interaction and involvement in credit underwriting between our research analysts, portfolio managers and investment team. In addition, our systems provide AUIM with a variety of risk and compliance metrics to manage the portfolios effectively to meet client objectives.

Finally, in making its investment decisions, AUIM follows AEGON's policy on responsible investing, which calls for investments to be made prudently and responsibly and precludes investments in companies known to be involved in illegal activities. In addition, in February 2011, AEGON Asset Management, the division which includes AUIM, became a global signatory to the United Nations-backed Principles for Responsible Investment. The move is in line with AUIM's commitment to responsible investments and acting in the best interests of clients. AUIM believes the inclusion of such principles in its investment processes meets the increasing expectations of clients.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear.

### ***Risks of Fixed Income Investing***

Notwithstanding the conservative nature of many fixed income investments (e.g., investment grade-quality bond funds and money market funds and the tendency for fixed income investments to be more predictable than stocks), bond funds and individual bonds do carry some degree of risk. As more fully described below, the holder of any debt instrument is subject to interest rate risk, credit risk, high yield risk, market risk, issuer risk, liquidity risk, derivatives risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, emerging markets risk, currency risk, issuer non-diversification risk, smaller company risk, management risk and geopolitical risk, among others.

- **Interest Rate Risk**

Interest rate risk is the risk that fixed income securities and other instruments in a portfolio will decline in value because of an increase in interest rates. As nominal interest rates rise, the value of certain fixed income securities is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The values of equities and other non-fixed income securities may also decline due to fluctuations in interest rates.

Variable and floating rate securities generally are less sensitive to nominal interest rate changes but may decline in value even if their interest rates do not rise as much, or as quickly, as nominal interest rates in general. Conversely, floating rate securities will not generally increase in value as much as their fixed-rate counterpart if nominal interest rates decline.



- **Credit Risk**

An investor could lose money if the issuer or guarantor of a fixed income security (including a security purchased with securities lending collateral), or the counterparty to a derivatives contract; repurchase agreement; or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, ratings agencies, pricing services or otherwise) as unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The downgrade of the credit of a security may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

- **High Yield Risk**

Fund investments in high yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) may be subject to greater levels of credit and liquidity risk than funds that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer’s continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, an investor may lose its entire investment.

- **Market Risk**

The market price of securities may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

- **Issuer Risk**

The value of a security may 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.

- **Liquidity Risk**

Liquidity risk exists when particular investments are difficult to purchase or sell. Illiquid securities are securities that cannot be disposed of within a reasonable time in the ordinary course of business at approximately the value at which a manager has valued the securities. Investments in illiquid securities may reduce the returns because a manager may be unable to sell the illiquid securities at an advantageous time or price. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer.

- **Derivatives Risk**

Derivatives are financial contracts whose value depends on, or are derived from, the value of an underlying asset, reference rate or index. Derivatives are typically used as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. Managers may also use derivatives for leverage, in which case their use would involve leveraging risk. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation, and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. A derivative instrument could lose more than the principal amount invested.

- **Mortgage-Related and Other Asset-Backed Risk**

Mortgage-related and other asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in future interest rates. As a result, in a period of rising interest rates these investments may lengthen and exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce returns because the Fund may have to reinvest that money at the lower prevailing interest rates. Investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the underlying assets and the servicing of those assets.

- **Foreign (Non-U.S.) Investment Risk**

Investments in foreign (non-U.S., or non-home currencies for non-U.S. investors) securities may experience more rapid and extreme changes in value than investments in securities of U.S. 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. Additionally, issuers of foreign securities are usually not subject to the same degree of regulation as are U.S. issuers. Reporting, accounting and auditing standards of foreign countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect investments in a foreign country. In the event of nationalization, expropriation or other confiscation, an investor could lose its entire investment in foreign securities. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated.

- **Emerging Markets Risk**

Foreign investment risk may be particularly high for investments in emerging market securities that are economically tied to countries with developing economies. These

securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries.

- **Currency Risk**

Direct investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, foreign (non-U.S.) currencies, or in derivatives that provide exposure to foreign (non-U.S.) currencies will be subject to the risk that those currencies will decline in value relative to the U.S. dollar.

Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund or by the imposition of currency controls or other political developments in the United States or abroad. As a result, investments in foreign currency-denominated securities may reduce returns.

- **Issuer Non-Diversification Risk**

Focusing investments in a small number of issuers, industries or foreign currencies increases risk. “Non-diversified” portfolios may invest a greater percentage of their assets in the securities of a single issuer (such as bonds issued by a particular company) than funds that are “diversified.” Portfolios that invest in a relatively small number of issuers are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be. Some of those issuers also may present substantial credit or other risks.

- **Smaller Company Risk**

The general risks associated with fixed income securities are more pronounced for securities issued by companies with smaller market capitalizations. These companies may have limited product lines, markets or financial resources or they may depend on a few key employees. As a result, they may be subject to greater levels of credit, market and issuer risk. Securities of smaller companies may trade less frequently and in lesser volumes than more widely held securities, and their values may fluctuate more sharply

than other securities. Companies with medium-sized market capitalizations may have risks similar to those of smaller companies.

- **Management Risk**

Actively managed portfolios are subject to management risk. Individual portfolio managers will apply investment techniques and risk analyses in making investment decisions, but there can be no guarantee that these decisions will produce the desired results. Additionally, legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to each individual portfolio manager in connection with managing and may also adversely affect a manager's ability to achieve their investment objectives.

- **Geopolitical Risk**

The impact of international tension between nations, terrorist attacks and ongoing military and other actions and any pandemic or other catastrophic event may adversely impact the portfolios. The continued threat of terrorism both within the United States and abroad, the ongoing military and similar actions, heightened security measures in response to these types of threats and international tensions between nations may cause disruptions to commerce, reduce economic activity and perpetuate volatility in markets throughout the world. Some of the assets in an investment portfolio may also be adversely affected by declines in the securities markets and economic activity as a result of these factors. A severe pandemic or catastrophic event may cause significant volatility in global financial markets, disruptions to commerce and reduced economic activity. While such considerations are made during the portfolio construction process, it is difficult to predict to what extent individual investments may suffer losses as a result of potential decreased commercial and economic activity, or how any such decrease might impact the ability of companies to pay interest or principal on their securities, or how the value of any underlying collateral might be affected.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an adviser or the integrity of such adviser's management. AUIM has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **Registered Representatives**

AUIM has no management persons who are registered representatives of a broker dealer.

### **Relationships with Related Persons**

The following describes AUIM's relationships with certain of its advisory affiliates or persons under common control with AUIM. In certain cases, these relationships may create conflicts of interest, the nature of which are described below along with how AUIM manages such conflicts.

#### *Pooled Investment Vehicles*

AUIM serves as sub-adviser for several open-end mutual funds, including the Transamerica Funds and Transamerica Series Trust, each of which consist of several funds (the "Funds"). The adviser for the Funds is Transamerica Asset Management, Inc. ("TAM"), part of the AEGON family of companies, an affiliate of AUIM and a registered investment adviser. Transamerica Capital, Inc., an AEGON affiliated broker-dealer firm, serves as distributor for the Funds. AUIM also provides sub-advisory services to a closed-end fund under Transamerica Income Shares, Inc.

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

AUIM serves as the managing member of, and investment adviser to, AEGON Managed Enhanced Cash, LLC. This limited liability company invests cash collateral received by AUIM's clients related to securities lending activities. Some of AUIM's affiliated insurance company clients are solicited to invest in this fund.

#### *Other Investment Advisers*

AUIM serves as a sub-adviser for AEGON Investment Management, BV, which is a foreign investment adviser that is part of the AEGON family of companies and an affiliate of AUIM. In addition, AUIM serves as a sub-adviser for AEGON USA Realty Advisors, LLC, which is part of the AEGON family of companies and an affiliate of AUIM.

AUIM also provides model management services for Transamerica Financial Advisors, Inc. which is a part of the AEGON family of companies and an affiliate of AUIM.

In addition, Prisma Capital Partners, LP (“Prisma LP”) creates and packages limited partnerships and serves as sub-adviser for certain AUIM affiliates. The sub-advised accounts are typically private investment partnerships or similar vehicles that pursue a variety of investment strategies. Prisma LP is affiliated with the AEGON family of companies and is an affiliate of AUIM.

### *Insurance Companies*

AUIM serves as investment adviser to various affiliated insurance companies. The combined assets of these affiliates represents the largest portion of AUIM’s assets under management. The following insurance companies are affiliated with AUIM: AEGON Financial Assurance Ireland Limited; AEGON Global Institutional Markets, plc; AEGON Scottish Equitable International (Dublin) Ireland plc; ARC Reinsurance Corporation; Canadian Premier Life Insurance Company; CGC Life Insurance Company; Global Preferred Re Ltd., Bermuda; Iowa Fidelity Life Insurance Company; Legacy General Insurance Company; LIICA Re I, Inc.; LIICA Re II, Inc.; Monumental Life Insurance Company; Pine Falls RE, Inc.; Southwest Equity Life Insurance Company; Stonebridge Casualty Insurance Company; Stonebridge Life Insurance Company; Stonebridge Reinsurance Company; Transamerica Advisors Life Insurance Company; Transamerica Advisors Life Insurance Company of New York; Transamerica Financial Life Insurance Company; Transamerica International Reinsurance Ireland Limited; Transamerica International Re (Bermuda) Ltd.; Transamerica Life Canada; Transamerica Life Insurance Company; Transamerica Life International (Bermuda) Ltd.; Transamerica Life (Bermuda) Ltd.; Transamerica Pacific Insurance Company, Ltd.; and Western Reserve Life Assurance Co. of Ohio. Each of these insurance companies is part of the AEGON family of companies and is an affiliate of AUIM.

### *Sponsor/Syndicator of Limited Partnerships*

Prisma LP, an affiliate of AUIM, provides investment advisory services to (i) Delaware limited partnerships, the interests of which are offered to multiple investors and of which Prisma Capital Partners, LLC (“Prisma LLC”), a related party and also an affiliate of AUIM, serves as the general partner; (ii) Cayman Islands exempted limited companies, the shares of which are offered to multiple investors and of which Prisma LP is the sole investment manager; and (iii) other institutional investors and/or special purpose entities created for a single investor or related investors. Investors in the entities described in (i)-(iii) in the

previous sentence that are organized as private investment vehicles may include some or all of the following: individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates or charitable organizations, corporations or business entities other than those listed previously or other entities. Prisma LP provides investment advice to the entities described in (i)-(iii) above with respect to diversified portfolios made up primarily of private investment partnerships or similar vehicles managed by unaffiliated third-parties that pursue a variety of investment strategies. Some of AUIM's affiliated insurance company clients are solicited to invest in the entities described in (i)-(iii) above.

An affiliate of AUIM has an ownership interest in Prisma LP, and an affiliate of AUIM has an ownership interest in Prisma LLC. This ownership percentage entitles AUIM's affiliate to certain profits and losses of these entities.

### *Conflicts of Interest*

In the case of certain of the relationships above, a conflict of interest may arise when AUIM is acting for the accounts of affiliated and non-affiliated clients, including but not limited to, making decisions concerning allocations. In each case, AUIM recognizes the responsibility to treat all clients fairly and consistently; and portfolio decisions made for non-affiliated accounts will be consistent, where applicable, with the AUIM strategy being employed for affiliated accounts. Please see Item 16 for a description of AUIM's investment discretion, Item 12 for a description of our Trade Aggregation and Allocation Policy, as well as Item 11 for a description of AUIM's policies on principal trading, agency and internal cross transactions. In addition, please see Item 17 for a description of AUIM's securities voting policies.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

AUIM has adopted a Code of Ethics (the "Code of Ethics") for all of its officers, directors and employees, which sets forth AUIM's standards of conduct and requires compliance with federal securities laws. The Code of Ethics is based on the principle that the officers, directors, and employees of AUIM owe a fiduciary duty to its clients and, as fiduciary, AUIM owes its clients a duty of honesty, good faith, and fair dealing. In addition, those AUIM employees who are in a position to exploit information about client securities transactions or holdings must conduct their personal securities transactions in a manner that does not



violate the federal securities laws, interfere with client account transactions or otherwise take unfair advantage of their relationship to the clients.

AUIM employees have an ethical and legal obligation to avoid any conflicts of interest situations and to report potential conflicts and seek clarification when warranted. Among other things, the Code of Ethics prohibits the acceptance of gifts, services, trips, entertainment and other items of value and participation in personal or unrelated business transactions that create a conflict of interest with AUIM or its clients.

Our Code is distributed to employees at the time they join our firm and typically once a year afterward. We also periodically provide training for different topical areas and conduct on-going monitoring of employee activity. All supervised persons of AUIM acknowledge the terms of the Code of Ethics annually.

AUIM must not only adopt its Code of Ethics but also must implement and enforce its provisions effectively. Accordingly, AUIM has adopted compliance procedures to monitor compliance with the Code of Ethics. These procedures include:

- Pre-clearance of personal transactions in initial public offerings or limited offerings;
- Reporting of certain personal securities transactions;
- Adhering to black-out periods when personally purchasing or selling AEGON N.V. securities;
- Discouraging personal “day trading”; and.
- Requiring all employees to identify certain securities accounts along with a listing of certain securities they own at the time they join the firm and annually afterward.

Upon discovering a violation of the Code of Ethics, AUIM may impose such sanctions as it deems appropriate, including, among other things, a letter of censure, disgorgement of profits obtained in connection with a violation, the imposition of fines, restrictions on future personal trading, suspension, termination of employment or criminal referral of the violator.

A copy of the Code of Ethics will be mailed, either electronically or through the postal service, to any client at any time upon request. AUIM’s current or prospective clients may request a copy of AUIM’s Code of Ethics by contacting us at (877) 234-6862 or at [aegoninvestments@aegonusa.com](mailto:aegoninvestments@aegonusa.com).

## **Material Financial Interests**

An AUIM committee determines, based on a number of factors, whether individual client accounts will be included in an investment team's review for incentive compensation purposes. Some accounts are not included in incentive compensation performance measurements for AUIM investment teams. An investment team, therefore, could face a conflict when filling an order for an incentive-based account and a non-incentive based account. AUIM mitigates this conflict through fair allocation procedures and training of members of the investment team.

## **Principal Trading, Agency and Internal Cross Transactions**

AUIM may occasionally engage in "principal transactions" (i.e., those transactions where, AUIM acting as principal for its own account or the proprietary account of an affiliate, buys from or sells any security to any unaffiliated advisory client). In such a situation, AUIM would disclose its principal capacity in writing to the client and obtain the client's consent to each principal transaction before the settlement of such transaction. AUIM's policy is to not engage in principal transactions for any of its ERISA clients.

AUIM does not engage in "agency cross transactions" with clients (i.e., a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction).

AUIM's affiliated clients engage in internal cross transactions. These cross transactions are typically conducted due to a portfolio manager's or affiliated client's request, often for reasons such as reinsurance agreements, corporate actions or investment restrictions that would require moving the asset out of a specific affiliated client's account. AUIM does not receive compensation for such cross transactions. These transactions are typically priced as follows. For assets being transferred between accounts for the same affiliated client, these "book value" transfers can be transferred at any time during a month using book values as of the end of the prior month. For assets being transferred between affiliated clients, transfers are processed during the first 10 business days of the month using the most recent month-end prices. If a transfer occurs at any other time during a month, assets must be re-priced and transferred within two business days of the effective date of the new prices. The re-pricing of assets is subject to AUIM's pricing policies and procedures.

## **General Investment Advice**

AUIM serves as investment manager for many clients. AUIM, its personnel and affiliates (“Affiliated Persons”) may give advice or take action in performing duties for certain clients, or for their own accounts, that differ from advice given to or action taken for another client. AUIM is not obligated to buy, sell or recommend for another client any security or other investment that AUIM or its Affiliated Persons may buy sell or recommend for any other client or for their own accounts. Our Code of Ethics does not generally prohibit personal trading activity by AUIM employees. In general and subject to some restrictions, employees may purchase or sell the same or similar securities at the same time that we place transactions for your account and the accounts of our other clients. However, we consistently monitor personal trading activities for conflicts with AUIM trading and to ensure that employees are adhering to the Code of Ethics.

## **Item 12 – Brokerage Practices**

### **Soft Dollar Benefits**

AUIM’s policy is not to utilize research, research-related products or other brokerage services on a soft dollar basis. AUIM does not receive any soft dollar benefits.

### **Selecting Broker-Dealers**

AUIM will choose the broker/dealer unless otherwise specified by the client. AUIM will execute securities transactions for its clients such that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances. Although best price is significant when selecting the appropriate broker/dealer for a given transaction, AUIM considers other factors when selecting a broker such as: financial strength, reputation, execution capability, responsiveness and the broker’s willingness to negotiate pricing. In addition, some brokers may provide AUIM with research services, including recommendations and written research reports on industries or companies, which may also be considered when selecting a broker for a particular trade. These research services, however, are not provided pursuant to a “soft dollar” arrangement, and AUIM does not pay for these services.

AUIM negotiates the price of a security, which price will be as fair and reasonable as possible under the circumstances. Because AUIM operates primarily in the fixed income

debt security market, commissions are not usually applicable when purchasing or selling such fixed income securities. In the limited circumstances where commissions may be applicable, AUIM will negotiate such commissions and such commissions will be fair and reasonable given the circumstances.

AUIM does not utilize affiliated broker dealers.

### **Directed Brokerage**

When permitted by applicable law, AUIM may accept specific client instructions regarding directing a client's brokerage transactions to a particular broker-dealer. Such client instructions must be in writing. Any client instructions regarding directed brokerage are maintained by AUIM's compliance group.

If a client instructs AUIM to utilize a particular broker-dealer, AUIM will inform such client in writing that for any directed brokerage arrangements, AUIM will not negotiate commissions, may not obtain volume discounts or aggregate directed transactions, commissions will vary among AUIM clients and best execution may not be obtained. In such situations, our inability to obtain such volume discounts, for example, may cost a client more money.

### **Trade Aggregation and Allocation**

AUIM allocates securities among clients to help ensure that each client is treated fairly and objectively. When placing trade orders for a specific security simultaneously for multiple client accounts, AUIM is permitted to aggregate these orders across accounts AUIM aggregates and allocates trades when we believe aggregation and allocation across client accounts will provide an economic benefit to those accounts. When AUIM places an aggregated order, the accounts participating in such order and each account's intended allocation must be recorded as soon as reasonably practicable. To ensure fair treatment among all client accounts, AUIM does not consider factors such as account performance, account fees or our affiliate relationships when aggregating and allocating orders.

Generally, various factors may influence a decision to allocate securities among client accounts, including but 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; and
- Allocation considerations based on criteria such as round lot provisions or minimum transaction size.

If an aggregated order is filled in its entirety, it will be allocated among client accounts in accordance with the intended allocations. If less than an entire aggregated order is executed, the allocation will be calculated pro rata based upon the original intended allocations, subject to minimum size requirements and round lot provisions. In certain cases, an alternate allocation methodology may be warranted; and, if used, the alternate methodology and the reason for its application will be documented by AUIM personnel authorized to trade securities.

Certain security types with highly liquid markets are exempted from this policy, such as money market instruments; U.S. Government securities, including agencies and agency mortgage-backed securities; and exchange traded funds. Also exempted from this policy are unique, highly specialized investments such as private equity and mezzanine investments.

## **Trade Errors**

Consistent with its fiduciary duties, AUIM undertakes investment decisions for client accounts with the utmost care.

Trade errors generally include the following situations:

- Buying or selling the incorrect security;
- Failing to buy or sell securities as intended;
- Buying, selling or allocating the incorrect par amount;
- Buying or selling a security in the incorrect account;

- Failing to buy or sell securities when required by client guidelines, directives or derivative hedging programs;
- Allocating securities to the incorrect account;
- Buying or selling securities not authorized by the relevant investment management agreement, investment objectives/guidelines or prospectuses for any mutual funds managed by the Registrant; and
- Failing to follow specific client instructions to purchase, sell or hold securities.

Trade errors do not include administrative errors that are typically correctable through communications with the relevant broker.

To the extent that a trade error occurs, AUIM's policy is to ensure that its clients' best interests are considered when correcting any such error.

AUIM ensures that all clients are made whole following a trade error. If a trade error causes a net loss for a client, AUIM will reimburse the client. If a trade error results in a net gain for a client, the client will receive the benefit of that gain, unless the client expressly agrees otherwise in writing.

AUIM has established and maintains a Trade Error Account (the "Account"). The purpose of the Account is to provide a means through which AUIM can resolve a client trade issue prior to settlement, thereby insulating the client from a possible trade error. In the event a trade error occurs which results in a loss to the client, the Account will also be used to fund the reimbursement of the loss to the client.

### **Item 13 – Review of Accounts**

AUIM periodically reviews client accounts. The frequency of review varies, depending on the level of activity, change and volatility inherent with each account. As a result, such reviews will range from a daily basis to a monthly basis. Account fundamentals are reviewed on a regular basis. The movement of the pricing of securities in client portfolios, purchases and sales are reviewed and examined on a monthly basis.

Our reviewers are typically senior vice presidents or vice presidents in the portfolio management area. The number of accounts assigned to a particular portfolio manager varies based upon the client type and the size of accounts. Reviews generally include

monitoring the performance and compliance of the accounts with respect to investment guidelines and policies that have been adopted by AUIM.

For affiliated insurance company clients, reports are provided monthly, quarterly and annually. For affiliated corporate divisions, reports on account composition, purchase and sale activity and yields are provided monthly. Investment income trends, gains and losses and variance analyses are provided quarterly to affiliated corporate divisions. Each of these reports is typically in written format.

For unaffiliated clients, monthly or quarterly reports are typically provided; and a portfolio manager will usually meet with a client's board or decision-making body at least once a year. The contents of any such reports may include the following: market commentary, account summaries (including monthly and year-to-date changes), performance information, account statistics (account versus benchmark for yield to maturity, duration, average price and average coupon, asset class percent of account and top 10 issuers percent of account), quality distribution, any applicable credit rating changes, a description of the account's holdings and any purchases or sales. Any such reports and meetings may vary, depending on the client's particular needs or requirements.

#### **Item 14 – Client Referrals and Other Compensation**

Neither AUIM nor its related persons pay for client referrals on AUIM's behalf. If AUIM were to implement referral arrangements in the future, we would do so in accordance with applicable laws, rules and regulations.

#### **Item 15 – Custody**

AUIM does not act as a custodian for client accounts and does not take physical custody of client assets. However, under Rule 206(4)-2 (the "Custody Rule") under the Act, AUIM may be deemed to have custody over some client assets. Clients typically select their custodian prior to or at the time of contracting with AUIM. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains clients' investment assets. The statements clients receive directly from the account custodian are the official record of a client's account. To ensure that all account transactions are proper, AUIM urges clients to compare statements received from AUIM with the statements received directly from the client's custodian. AUIM statements may

vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

AUIM typically accepts discretionary authority to manage securities accounts on behalf of its clients. Beforehand, AUIM typically enters into an investment management agreement with its clients or a sub-advisory agreement with relevant third parties. In situations where AUIM 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 AUIM's discretionary authority.

#### **Item 17 – Voting Client Securities**

AUIM votes on behalf of all client accounts for which it has requisite discretionary authority except for situations in which any client notifies AUIM in writing that it has retained, and intends to exercise, the authority to vote their own securities. Clients may also ask AUIM to vote their securities in accordance with specific guidelines furnished by the client, in which case AUIM will vote such securities within the parameters of such guidelines.

AUIM primarily manages client accounts of debt securities, and does not function to a significant extent, as a manager of equity securities. For most clients, the issues with respect to which AUIM votes client securities generally involve amendments to loan documentation, borrower compliance with financial covenants, registration rights, prepayments and insolvency and other distressed credit situations, rather than issues more commonly voted upon by holders or managers of equity securities, e.g. board of directors matters, general matters of corporate governance, choice of auditors and corporate social and environmental positions. Occasionally, however, AUIM's fixed income invested clients receive equity securities resulting from the restructure of debt security investments or other special situations.

AUIM votes client securities in the best interest of its clients at all times. In general, votes will be determined on a case-by-case basis, after taking into consideration all factors relevant to the issues presented.

Because the issues on which AUIM votes client debt securities are unique to each particular borrower and relevant fact situation, and do not lend themselves to broad characterization as do many issues associated with the voting of equity security proxies, AUIM does not maintain voting policy guidelines regarding categories of issues that may come before debt



security holders from time to time. AUIM, however, has adopted such guidelines for use in situations in which AUIM votes client equity securities. These guidelines provide a roadmap for arriving at voting decisions and are not meant to be exhaustive of all issues that may be raised in any or all proxy ballots or other voting opportunities. To the extent relevant and appropriate, AUIM considers these guidelines when voting client debt securities.

Because of the expertise of its staff with the issues upon which it votes client debt securities generally, AUIM will not maintain the services of a qualified independent third party (an “Independent Third Party”) to provide guidance on such matters. Nevertheless, in appropriate situations, AUIM considers retaining the services of an Independent Third Party (either directly or via similar engagements made by affiliates) to assist with voting issues associated with client equity securities. In any such case, AUIM considers the research provided by the Independent Third Party when making voting decisions; however, the final determination on voting rests with AUIM.

AUIM recognizes the potential for material conflicts that may arise between its own interests and those of its clients. To address these concerns, AUIM takes one of the following steps to avoid any impropriety or the appearance of impropriety in any situation involving a conflict of interest:

- Vote in accordance with the recommendation of the Independent Third Party;
- Obtain the guidance of the client(s) whose account(s) is/are involved in the conflict;
- Obtain the review of the General Counsel of AUIM, or
- Vote in strict accordance with the Guidelines.

Clients may obtain a copy of AUIM’s complete proxy voting policies and procedures upon request. Clients may also obtain information from AUIM about how AUIM voted any proxies on behalf of their account(s) by contacting us at (877) 234-6862 or at [aegoninvestments@aegonusa.com](mailto:aegoninvestments@aegonusa.com).

## **Item 18 – Financial Information**

A registered investment adviser is required in this Item to provide you with certain financial information or disclosures about its financial condition. AUIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.