

**Item 1- Cover Page**



**Transamerica Investment Management, LLC**

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**March 31, 2011**

This Brochure (the “Brochure”) provides information about the qualifications and business practices of Transamerica Investment Management, LLC (“TIM” or the “Company”). If you have any questions about the contents of this Brochure, please contact us at Client Services (866-846-1800) or by writing to our email address at [TIM-ClientServices@transamerica.com](mailto:TIM-ClientServices@transamerica.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.

Pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”), TIM is a registered investment adviser with the SEC. Registration of an investment adviser does not imply a certain level of skill or training. The oral and written communications of an investment adviser, including this Brochure, can often provide you with information that can help you to evaluate us (and other advisers) in order to decide whether to hire us or to continue to maintain a mutually beneficial relationship.

Additional information about TIM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our

firm name, which will take you to both Part 1 and Part 2 of our Form ADV). The SEC's web site also provides information about any persons affiliated with TIM who are registered, or are required to be registered, as investment adviser representatives of TIM.

Currently, you may request a copy of our Brochure by contacting Transamerica Investment Management –Client Services at (866) 846-1800 or [TIM-ClientServices@transamerica.com](mailto:TIM-ClientServices@transamerica.com).

## **Item 2 – Material Changes**

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year.

In the future, we may provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. However, this Item 2 will address only those “material changes” that have been incorporated since our last delivery or posting of this Brochure on the SEC’s public disclosure website, IAPD, [www.adversinfo.sec.gov](http://www.adversinfo.sec.gov).

Currently, our Brochure may be requested by contacting us at (866) 846-1800 or [TIM-ClientServices@transamerica.com](mailto:TIM-ClientServices@transamerica.com).

## Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	iii
Item 3 -Table of Contents.....	iv
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management.....	12
Item 7 – Types of Clients .....	13
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	14
Item 9 – Disciplinary Information .....	29
Item 10 – Other Financial Industry Activities and Affiliations .....	30
Item 11 – Code of Ethics.....	32
Item 12 – Brokerage Practices .....	34
Item 13 – Review of Accounts .....	41
Item 14 – Client Referrals and Other Compensation .....	44
Item 15 – Custody .....	46
Item 16 – Investment Discretion .....	47
Item 17 – Voting Client Securities .....	48
Item 18 – Financial Information.....	49

Brochure Supplement(s)

## Item 4 – Advisory Business

### A. Company Structure

TIM is a limited liability company formed in 1999 under the laws of the state of Delaware. TIM is a majority-owned subsidiary of Transamerica Investment Services, LLC (“TIS”), a wholly-owned entity of AEGON USA Asset Management Holding, LLC, which in turn is owned by AUSA Holding Company, which in turn is a subsidiary of AEGON USA, LLC (“AEGON USA”). AEGON USA is directly held by AEGON U.S. Holding Corporation, which is held by Transamerica Corporation. Transamerica Corporation is a subsidiary of the AEGON Trust, which in turn is owned by AEGON International B.V., which is owned by AEGON, N.V., a public company.

TIM is governed by its limited liability company agreement and has been registered with the SEC as an investment adviser pursuant to the Advisers Act since the year 2000. However, TIM has operated as an investment advisor through TIS since 1968.

TIS owns a significant majority of TIM, with a small minority equity interest being owned by certain key TIM employees and select members of TIS management. Effective January 1, 2009, TIM delegated its core administrative, operational, legal, compliance, finance, human resources, marketing and distribution functions (“Core Operational Functions”) to TIS. Currently, TIM reimburses TIS for costs associated with the Core Operational Functions. TIM’s Board of Managers consists of three members selected by TIS.

### B. Advisory Services

**General.** TIM provides investment advisory services as adviser or sub-advisor, to institutions and individual clients, including but not limited to: registered investment companies; pension and profit sharing funds, including Taft-Hartley plans; charitable organizations; foundations; endowments; high net worth individuals; insurance companies; institutions; and pooled investment vehicles that invest in securities and are managed by affiliated and unaffiliated third parties. Generally, accounts are fully discretionary and managed in accordance with TIM’s general investment strategies.

As part of engaging TIM as investment advisor, each client selects a particular investment strategy. The client may change to a different strategy or impose reasonable restrictions upon written request to TIM and TIM’s acceptance of such

request. Although TIM seeks to provide individualized investment advice to its discretionary client accounts, TIM may decline to accept or terminate client accounts with restrictions that, in TIM's judgment, are inconsistent with TIM's investment philosophy or are unduly burdensome.

**Wrap Fee Accounts.** TIM also offers investment advisory services to clients who participate in wrap fee programs ("Wrap Fee Program") sponsored by various financial services firms ("Wrap Fee Program Sponsors"). TIM has discretionary investment authority to supervise and service these wrap accounts, which includes, but is not limited to, conducting transactions, investment guideline monitoring and financial statement preparation.

TIM generally enters into an investment management agreement with the Wrap Fee Program Sponsor, but has no direct agreement with the individual wrap fee accounts ("Wrap Fee Account"). The types of investment strategies offered within the Wrap Fee Program, such as equity-oriented investment management or balanced management (*i.e.* large cap growth and balanced core, respectively), are generally established within the context of a Wrap Fee Program, with all fees charged (on a bundled basis) by the Wrap Fee Program Sponsor to the Wrap Fee Accounts directly for services, which may include custody, asset allocation, securities transactions, settlement and clearance and investment management. The Wrap Fee Program Sponsor then pays part of that bundled fee, as agreed in the investment management agreement, to TIM for execution of its securities transactions and investment management services. Fees are typically paid on a quarterly basis based on the total market value of the assets managed by TIM within the strategies approved under the Wrap Fee Program.

Clients of the Wrap Fee Programs to which TIM provides services may generally add reasonable investment restrictions to the management of their Wrap Fee Accounts, which are communicated to TIM via the Wrap Fee Program Sponsor. Wrap Fee Accounts may also generally request tax harvesting transactions or other tax-sensitive management strategies.

Wrap Fee Program Sponsors will generally give discretionary authority to TIM to effect brokerage transactions for the investment management of Wrap Fee Accounts. Unless best execution dictates otherwise, TIM often places such brokerage transactions with the Wrap Fee Program Sponsor's affiliated broker-dealer since such broker-dealer does not charge brokerage commissions for execution, clearance and settlement. Due in part to economies of scale, the broker-dealer typically executes block orders received from TIM for Wrap Fee Accounts

within the similar strategy of the Wrap Fee Program. However, certain circumstances may require a separate account transaction rather than a block trade.

**Model Portfolios.** Finally, TIM also offers investment advisory services to certain financial services firms by providing investment strategy model recommendations consisting of specified investment guidelines and restrictions (“Model Portfolios”). These Model Portfolios are sold to various financial services firms (“Model Portfolio Program Sponsors”) for use with their own advisory clients. TIM only offers investment advice through these services and neither conducts transactions for such Model Portfolio Program Sponsors nor has discretionary authority to supervise or manage any Model Portfolios. Therefore, assets in these Model Portfolios are not included in TIM’s calculation of assets under management.

**C. Amount of Client Assets Managed**

TIM typically provides discretionary investment advisory services but may provide some non-discretionary services to clients as well. As of February 28, 2011, TIM has assets under management in the amount of \$ 14,128,333,446 for its discretionary accounts and \$0 for non-discretionary accounts for total assets under management.

In January 2011, a decision was made to consolidate TIM’s fixed income activities with those of its affiliate, AEGON USA Investment Management, LLC (“AUIM”), into a single investment platform. In addition, the decision was made to transition AEGON USA affiliated equity assets managed by TIM to third party asset managers in line with AEGON’s asset management strategy in the U.S. These changes will occur during 2011.

For further information on fees and compensation, see Item 5, for the types of clients, see Item 7, for investment strategies offered or existing, Item 8.

## **Item 5 – Fees and Compensation**

TIM offers investment advisory services under various fee structures that are set forth in a client's investment management agreement and typically depend on the client type and investment strategy for such client. The annual fees paid by the client typically range from 0.10% to 1.50% of the 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.

Special circumstances may cause fees to vary from the standard fee schedule outlined herein (the "Standard Fee Schedule"). If a client has multiple accounts with TIM, TIM may aggregate these accounts for purposes of calculating the fee for advisory services. Furthermore, TIM may not charge a separate fee to clients who have small accounts in consideration for the fee the client is paying for the total relationship with TIM. In the case of certain financial services firms that refer clients to TIM for investment management services, TIM has negotiated fees that vary by firm and may differ from the Standard Fee Schedule. In some instances, fees may be lower than the fees stated in the Standard Fee Schedule, such as in the case of large accounts or relationships of multiple accounts, or other special circumstances which may require a reduced level of services.

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 fee than those who pay under a tiered schedule. Finally, in certain circumstances, TIM may not charge the client a fee for a particular period. TIM may also provide investment services to its employees for a reduced fee.

Fees are computed and accrued periodically and are payable monthly or quarterly, as specified in each client's investment management agreement. However, fees are generally calculated and billed quarterly, in advance, based on the average market value of assets on the first and last business days of the preceding period or on the ending market value of the preceding period. Some clients have agreed to pay fees in arrears.

TIM'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 additional charges imposed by custodians, brokers, third party investment 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 fund shares and exchange



traded funds may also charge internal management fees and expenses, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to TIM's fee, and TIM does not receive any portion of these commissions, fees, and costs. See Item 12- Brokerage Practices for more information on the factors that TIM considers when selecting or recommending broker-dealers for client transactions, and determining the reasonableness of their compensation (*e.g.* commissions).

Accounts commencing or terminating during a quarter are billed on a pro rata basis. Generally, accounts can be terminated by either TIM or a client upon receipt of thirty days' written notice or with applicable contractual notice of termination. In connection with an account termination, clients may request the liquidation of their accounts' portfolio securities. TIM will generally honor such requests except where, in TIM's judgment, liquidation with respect to one or more securities is impractical or wholly burdensome. Depending on the asset class and particular circumstances, it may take up to several business days to affect a liquidation request. Any reimbursement of unearned fees due a client upon termination will be repaid to such client. If the investment management agreement is terminated during a billing period, the amount of money that is reimbursed to the client is determined on a pro rata basis based on the remaining days in the billing period. The client's refund is paid to the client per the client's specific account instructions and may include but is not limited to, wire transfer or check.

Fees paid by financial service firms that sponsor Model Portfolios may be less than fees paid by Wrap Fee Program Sponsors due to the differing levels of services provided by TIM, including trading, tax-sensitive trading, and other portfolio advice tailored to the specific objectives, risk tolerance and portfolio constraints of the clients of Wrap Fee Programs.

In some circumstances, including when accounts referred to TIM by solicitors, accounts may be accepted that are below the general minimum asset level for a particular strategy. Such accounts may be charged a higher fee than the fees stated in the standard annual fee schedule for the particular strategy.

Outlined below is the Standard Fee Schedule for institutional separate accounts, wrap accounts, Model Portfolios and private clients.

**A. Institutional Separate Account Fees**

**1. Equity**

<b>a. Large Growth</b>	First \$0 - \$25 million	.75%
	Next \$25 - \$50 million	.65%

	Next \$50 - \$100 million	.55%
	Next \$100 - \$250 million	.50%
	Remaining Assets > \$250 million	.45%
<b>b. Diversified</b>	First \$0 - \$25 million	.75%
	Next \$25 - \$50 million	.65%
	Next \$50 - \$100 million	.55%
	Next \$100 - \$250 million	.50%
	Remaining Assets > \$250 million	.45%
<b>c. Global Growth</b>	First \$0 - \$25 million	.75%
	Next \$25 - \$50 million	.65%
	Next \$50 - \$100 million	.55%
	Next \$100 - \$250 million	.50%
	Remaining Assets > \$250 million	.45%
<b>d. Concentrated All Cap Growth</b>	First \$0 - \$25 million	.85%
	Next \$25 - \$50 million	.80%
	Next \$50 - \$100 million	.75%
	Remaining Assets > \$100 million	.70%
<b>e. Mid Growth</b>	First \$0 - \$25 million	.85%
	Next \$25 - \$50 million	.80%
	Next \$50 - \$100 million	.75%

	Remaining Assets > \$100 million	.70%
<b>f. Small Growth</b>	First \$0 - \$25 million	1.00%
	Next \$25 – \$50 million	.90%
	Next \$50 - \$100 million	.85%
	Remaining Assets > \$100 million	.80%
<b>g. Microcap</b>	Flat 1.50%	
<b>h. Large Value</b>	First \$0 - \$25 million	.65%
	Next \$25 – \$100 million	.50%
	Next \$100 - \$250 million	.45%
	Remaining Assets > \$250 million	.40%
<b>i. All Cap Value</b>	First \$0 - \$25 million	.85%
	Next \$25 – \$50 million	.80%
	Next \$50 - \$100 million	.75%
	Remaining Assets > \$100 million	.70%
<b>j. Small/Mid Value</b>	First \$0 - \$25 million	1.00%
	Next \$25 – \$50 million	.90%
	Next \$50 - \$100 million	.85%
	Remaining Assets > \$100 million	.80%
<b>k. Small Value</b>	First \$0 - \$25 million	1.00%

Next \$25 – \$50 million	.90%
Next \$50 - \$100 million	.85%
Remaining Assets > \$100 million	.80%

**2. Convertible Securities**

First \$0 - \$25 million	.75%
Next \$25 – \$100 million	.70%
Next \$100 - \$250 million	.60%
Remaining Assets > \$250 million	.50%

**3. Fixed Income**

**a. Balanced**

First \$0 - \$25 million	.65%
Next \$25 – \$100 million	.55%
Next \$100 - \$250 million	.45%
Remaining Assets > \$250 million	.40%

**b. Investment  
Grade Corporate  
Bond**

First \$0 - \$25 million	.35%
Next \$25 – \$50 million	.30%
Next \$50 - \$100 million	.25%
Next \$100 - \$250 million	.20%
Remaining Assets > \$250 million	.15%

**c. Core (Aggregate)**

First \$0 - \$25 million	.35%
Next \$25 – \$50 million	.30%
Next \$50 - \$100 million	.25%
Next \$100 - \$250 million	.20%

	Remaining Assets > \$250 million	.15%
<b>d. Core Plus</b>	First \$0 - \$25 million	.40%
	Next \$25 - \$50 million	.35%
	Next \$50 - \$100 million	.30%
	Next \$100 - \$250 million	.25%
	Remaining Assets > \$250 million	.20%
<b>e. Government Bonds</b>	First \$0 - \$25 million	.30%
	Next \$25 - \$50 million	.25%
	Next \$50 - \$100 million	.20%
	Next \$100 - \$250 million	.15%
	Remaining Assets > \$250 million	.10%
<b>f. Long Duration</b>	First \$0 - \$25 million	.35%
	Next \$25 - \$50 million	.30%
	Next \$50 - \$150 million	.25%
	Next \$150 - \$300 million	.20%
	Remaining Assets > \$300 million	.15%
<b>g. Short Duration</b>	First \$0 - \$25 million	.30%
	Next \$25 - \$50 million	.25%
	Next \$50 - \$150 million	.175%
	Next \$150 - \$300 million	.15%
	Remaining Assets > \$300 million	.10%
<b>h. Ultra Short Duration</b>	First \$0 - \$25 million	.30%

	Next \$25 – \$50 million	.25%
	Next \$50 - \$150 million	.20%
	Next \$150 - \$300 million	.15%
	Remaining Assets > \$300 million	.10%
<b>4. <u>Money Market</u></b>	First \$0 - \$25 million	.25%
	Next \$25 – \$50 million	.22%
	Next \$50 - \$100 million	.20%
	Next \$100 - \$250 million	.17%
	Remaining Assets > \$250 million	.15%

#### **B. Wrap Accounts Fees**

The annual fee paid by a client to a Wrap Fee Program Sponsor typically ranges between 2% to 3% of the client's assets in the Wrap Fee Account that is managed by TIM. These fees cover custody and transaction costs, including execution and settlement expenses. Under the investment management agreement between TIM and the Wrap Fee Program Sponsor, TIM usually receives a monthly or quarterly fee for its investment advisory services, which is based on an annual fee that ranges between .4% and 1.40% of the client account assets TIM manages in the Wrap Fee Account. This fee can either be paid by the client directly to TIM or indirectly through the Wrap Fee Program Sponsor to TIM and may vary based on the following factors: (i) overall assets of the account; (ii) number and type of products in the Wrap Fee Program; (iii) particular investment strategy or strategies selected; (iv) administrative services; (v) any pre-existing business relationship with TIM; and (v) other factors.

#### **C. Model Portfolio Fees**

The annual fee paid by the Model Portfolio Program Sponsor to TIM typically ranges between 0.20% and .50% of the client's assets the Model Portfolio Program Sponsor manages pursuant to the Model Portfolio provided by TIM ("Model Portfolio Program"). Fees for such Model Portfolio Programs depend on the size of the Model Portfolio and services performed by the Model Portfolio Program Sponsor. Fees charged to Model Portfolio Program Sponsor may be lower than fees charged to Wrap Fee Program Sponsors due to the level of or difference in services provided by

TIM. Generally, TIM, rather than the Wrap Fee Program Sponsor, has discretionary investment authority over Wrap Fee Accounts and performs a variety of advisory and administrative services to these Wrap Fee Accounts. However, with respect to a Model Portfolio, it is the Model Portfolio Program Sponsor that has the discretionary investment authority over the Model Portfolio and the responsibility to provide these services as described herein.

**D. Private Client Fees**

The fees paid by private clients, typically range up to 1.00% per annum, billed quarterly, of the private client's assets under management. Private clients only pay for the advisory services rendered and do not pay for any fees or expenses charged by the fund in which their account may invest.

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

In addition to the above referenced asset-based fees charged by TIM, TIM may also negotiate performance-based fee arrangements with certain clients. Such fees are subject to individualized negotiation with each such client. TIM will structure any performance or incentive fee arrangement in accordance with Section 205(a)(1) of the Advisers Act and the rules and regulations thereunder.

TIM may negotiate performance fee arrangements in which the fee is adjusted based on a formula tied to a specified market benchmark or index. Performance fee arrangements may also involve a combination of an asset based fee with additional fees adjusted based on performance relative to a specified market benchmark or index. In measuring clients' assets for the calculation of performance-based fees, TIM includes realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for TIM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. TIM has implemented procedures so that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.



## **Item 7 – Types of Clients**

TIM provides investment advisory services as adviser or sub-advisor, to institutions and individual clients, including but not limited to: registered investment companies; pension and profit sharing funds, including Taft-Hartley plans; charitable organizations; foundations; endowments; high net worth individuals; insurance companies; institutions; and pooled investment vehicles that are managed by affiliated and unaffiliated third parties. Generally, accounts are fully discretionary and managed in accordance with TIM's general investment strategies.

TIM generally accepts the management of institutional accounts of \$5 million or more . The minimum account size for Wrap Fee Accounts is generally \$100,000, but this account size may vary initially by program or strategy. Finally, with respect to private clients, the minimum account size is also generally \$100,000; but may vary depending upon the portfolio manager, strategy and services provided, (*e.g.* discretionary vs. non discretionary).

In special circumstances, at the discretion of TIM's management, TIM may waive or increase account size minimums, based on client type, asset class, pre-existing relationships with a client and other factors. Furthermore, TIM reserves the right to terminate accounts which withdraw assets such that remaining assets managed no longer meet the specified guidelines.

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

The following describes TIM’s methods of analysis and investment strategies. Investing in securities involves risk of loss that clients should be prepared to bear.

### **A. Equity Strategy**

#### **1. Investment Strategy**

TIM uses a “bottom-up” approach to investing. A “bottom-up” approach is looking at individual companies against the context of broader market factors.

TIM’s equity strategy can be categorized as a fundamental and research driven approach to investing in stocks. TIM utilizes a team approach and a philosophy of investing in high-quality companies that exhibit rapid growth in earnings and revenue. Significant emphasis is placed on management and a company’s past record of success and successful business models.

TIM believes that, over time, a relatively concentrated portfolio of high-quality companies that are diversified by non-systemic risk can deliver above-average risk-adjusted returns. In addition to well-defined measures of financial and competitive strength and high-quality management, companies must exhibit a powerful fundamentally or secularly driven “catalyst for positive change” that is expected to drive gains in discretionary free cash flow, revenue and earnings.

#### **2. Investment Process and Methods of Analysis**

Our investment process, which includes our key methods of analysis, is provided below.

- a. Catalyst for Positive Change.** We believe that value can be added when we identify at an early stage positive changes affecting a company that the market has yet to discern. This catalyst may be a result of long term secular trends such as changes in demographics or technological advances. It may also be positive fundamental changes occurring within a company, an industry or a management-related change. The entire team also reviews economic indicators and events occurring in each sector. We then synthesize our conclusions into an outlook on the economy, the type of growth that is to be expected and the portions of the economy that will drive growth.

- b. Universe and Industry Screen.** TIM's capitalization strategy is a by-product of our investment philosophy and has remained consistent over time. TIM does not restrict its universe of companies based on a certain market capitalization.
- c. Independent Research.** Original research is the core of our investment process. TIM's team-oriented research process emphasizes in-house research and seeks to control or limit non-systematic or business risk. In addition to a dedicated and experienced equity research team, our portfolio managers (who are analysts as well) also have the benefit of a large group of fixed income analysts as a resource.

The generation of "new ideas" starts with an eclectic group of sources including securities industry contacts, trade shows, industry conferences, trade and general media, quantitative screens and, on a limited basis, Wall Street research. A portfolio manager or analyst then identifies a company or group of companies that may be positively impacted by change. Change may be secular, driven by evolving demographics, politics or economics; or, it may be fundamental, involving an industry cycle, a product cycle or a management transition. After this initial review, promising "ideas" are presented to the entire management team to determine which concepts merit further investigation.

Companies that warrant further investigation are contacted and a meeting is set up with senior management by several members of TIM's research team. Through these meetings and interviews with management, the research team identifies the companies best positioned to benefit disproportionately from change, which are generally those with successful business models, proven management teams and businesses that are producing substantial free cash flow.

Independent sources such as customers, suppliers, and competitors are used to verify or cross-reference facts and information derived from company management interviews. These meetings and discussions can also add a different perspective to the merits of an investment idea.

- d. Sustainable Business Models.** TIM's philosophy is to invest in a concentrated number of companies that offer distinct and sustainable

competitive advantages (5-10 years) over their competitors. Many of these companies maintain dominant market share yet have transparency of their operations. We also prefer to invest in companies that demonstrate organic growth instead of growth through acquisitions, recurring revenue models and an operating business that benefits from incremental unit volumes and can bring those incremental unit volumes to the bottom line.

- e. **Proven Company Management.** In meetings with management teams, the evaluation includes a determination of such teams' vision, culture, incentive plans, strengths and weaknesses, the company's product lines, distribution capabilities and product pricing. Our goal is to invest in companies that have management teams that are experienced, prudent, and visionary, that have a history of success and that act in the long-term best interest of shareholders, particularly through effective allocation of capital.
- f. **Financial Statement Analysis.** Another step in our investment process is financial statement analysis, which is focused on companies that are experiencing a substantial increase in discretionary cash flow. Through proprietary analysis of financial statements, we look at the sustainability of a company's cash flow and reconcile it back to its earnings. Often these companies exhibit highly predictable revenue and earnings growth, strong balance sheets and demonstrate high returns on equity and assets.
- g. **Valuation Criteria.** Critical to the investment process is the identification of companies exhibiting the highest growth potential at the most attractive prices/valuations. We want to make sure we do not overpay relative to a company's intrinsic business value and/or projected growth rate or relative to alternative investments within an industry. Proprietary valuation models are built for every company considered for investment and form the basis for our valuation judgments.
- h. **Research Reports.** Research documentation will include a business discussion, an earnings model which reflects historical and expected financial performance and a quantitative analysis of the stock's potential risk-reward characteristics.

Companies not eliminated from fundamental research are presented to the equity team for review. These group evaluations ensure that the reasoning and

analysis behind each recommendation is solid and defensible and the securities ultimately selected truly fit all criteria and controls.

### **3. Risk of Loss**

#### **a. Equity Securities**

TIM may invest in securities issued by companies of all sizes. TIM's equity strategies may include investments in derivatives, including futures, forwards, options and swaps, and also in foreign securities. It may also include assets in cash, cash equivalent securities or short-term debt securities, repurchase agreements and money market instruments. Investing in securities involves a risk of loss that clients should be prepared to bear.

#### **b. Principle Risks**

All investments in securities involve the risk of loss of your principal (investment amount) and any profits that have not been realized (the securities were not sold to "lock in" the profit). In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

Investments in certain equity securities may involve additional risks (in alphabetical order), including, but not limited to the ones that are summarized:

- **Currency.** When securities are denominated in foreign currencies, conversion costs may be incurred and may be affected favorably or unfavorably by changes in the rates of exchange between those currencies and the U.S. dollar. Currency exchange rates can be volatile and are affected by, among other factors, the general economics of a country, the actions of the U.S. and foreign governments or control banks, the imposition of currency controls and speculation.

- **Defensive Investing.** Short-term debt securities held for defensive investing purposes can fluctuate in value. Like other fixed income securities, they are subject to risk, including market, interest rate and credit risk. If cash is uninvested it will be subject to the credit risk of the depository institution holding the cash. If a significant amount of the assets are used for defensive investing purposes, it will be more difficult to achieve its objective.
- **Derivatives.** Using derivatives can increase losses and reduce opportunities for gains when market prices, interest rates or the derivative instruments themselves behave in a way not anticipated. Using derivatives also can have a leveraging effect and increase volatility. Derivatives may be difficult to sell, unwind or value, and the counterparty may default on its obligations. Investments in derivative instruments may involve a small investment relative to the amount of investment exposure assumed and may result in losses exceeding the amounts invested in those instruments.
- **Focused Investing.** To the extent there are investments in a limited number of issuers, changes in the value of individual securities may have a significant impact on your investment.
- **Foreign Securities.** Foreign securities are subject to a number of additional risks, including nationalization or expropriation of assets, imposition of currency controls or restrictions, confiscatory taxation, political or financial instability and other adverse economic or political developments. Lack of information and less market regulation also may affect the value of these securities.
- **Growth Stocks.** Returns on growth stocks may not move in tandem with returns on other categories of stocks or the market as a whole. Growth stocks may be particularly susceptible to rapid price swings or to adverse developments. Growth stocks as a group may be out of favor and underperform the overall equity market for a long period of time, for example, while the market favors “value” stocks.
- **Increase in Expenses.** Your actual costs of investing in an investment fund may be higher than the expenses shown in such

fund's prospectus for a variety of reasons. For example, expense ratios may be higher than those shown if average net assets decrease. Net assets are more likely to decrease and fund expense ratios are more likely to increase when markets are volatile.

- **Market.** The market prices of securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates or currency rates, lack of liquidity in the markets or adverse investor sentiment. Market prices of securities also may go down due to events or conditions that affect particular sectors or issuers. When market prices fall, the value of your investment will go down. The recent financial crisis has caused a significant decline in the value and liquidity of many securities. In response to the financial crisis, the federal government has taken various steps to stimulate the economy, and the expiration or termination of these stimulus measures may negatively affect the value and liquidity of certain securities.
- **Portfolio Selection.** An adviser's judgment about a particular security or issuer, or about the economy or a particular sector, region or market segment, or about an investment strategy, may prove to be incorrect.
- **Small- or Medium-Sized Companies.** Small-or medium sized companies may be more at risk than larger companies because, among other things, they may have limited product lines, operating history, market or financial resources, or because they may depend on a limited management group.
- **Stocks.** Stocks may be volatile; thus, their prices may go up and down dramatically over the shorter term. These price movements may result from factors affecting individual companies, industries, the securities market as a whole or the over-all economy.
- **Value Investing.** The prices of securities an adviser believes are undervalued may not appreciate as anticipated or may go down. Value stocks as a group may be out of favor and underperform the

overall equity market for a long period of time, for example, while the market favors “growth” stocks.

## **B. Fixed Income**

### **1. Investment Strategy**

TIM's fixed income investment philosophy is based on the belief that excess returns can be generated by identifying secular themes and catalysts that will change the future investment landscape. The investment team then employs vigorous bottom-up research to identify securities that will benefit the most by these changes. We believe certain segments of the fixed income market are naturally inefficient, offering favorable risk/return characteristics.

Our equity-oriented research process makes TIM uniquely qualified to take advantage of opportunities in the corporate bond market an historically inefficient sector.

Portfolios of a tax-sensitive nature are managed according to individual guidelines and tax restrictions in order to consistently maximize a clients risk adjusted returns.

TIM will always work with clients to custom tailor their portfolio to their specific needs.

TIM believes that it is essential to gauge the market outlook for the economy, Federal Reserve policy, interest rates and market liquidity when managing fixed income portfolios.

### **2. Investment Process and Methods of Analysis**

Duration and term structure, sector allocation, and security selection are all influenced by our "top down" assessment of the economic environment. TIM's economic outlook is developed by one investment team with equity and fixed income management responsibilities, through a combination of analysis of daily economic indicators and real time indicators of the economy's component parts from our sector analysts. The entire investment team meets on a daily basis to review previous day's trades and current market conditions. Other factors considered include the political environment, its impact on fiscal policy, regulation, taxes, trade, consumer confidence, and the health of the financial



system. The output of this process is the identification of secular themes that we believe will influence the global economy and financial markets over long periods of time. In addition, our process is designed to identify catalysts that will drive valuation shifts in the intermediate term.

Senior members of the fixed income team set duration, yield curve, and sector allocation targets for each strategy at a monthly strategy meeting. Portfolio performance is also reviewed, and new credit ideas are presented by members of the investment team. In addition, analysts are required to review each security under their coverage universe, and effectively commit to buying their portfolio of securities each month.

Bottom-up credit and collateral research is internally generated by analysts and portfolio managers. Our process focuses on business models, company management, cash-flow generation, and security characteristics. Utilizing the resources of a combined fixed income and equity team encourages our investment professionals to view their particular areas of responsibility within a broader market context when making recommendations. In addition, we believe this investment approach results in better decisions when determining the optimal point on the capital structure to invest.

Peer review is an integral part of our research process, and all investment professionals are encouraged to challenge consensus views and participate in constructive debate. Trades for all strategies are reviewed daily with the entire investment team, often requiring portfolio managers to share their rationale for particular investment decisions. TIM investment professionals are compensated on portfolio performance versus our competitors over a full market cycle. TIM applies this macro positioning through a flexible approach that takes into consideration the interplay of top-down and bottom-up factors on a consistent and daily basis.

### **3. Risk of Loss**

#### **a. Fixed Income Securities**

TIM's fixed income strategies may include the following types of investments:

- U.S. government and foreign government bonds and notes (including emerging markets), either U.S. denominated or non U.S. denominated;

- Agency and non-agency mortgage-backed securities (MBS) as well as derivatives of mortgage-backed securities such as collateralized mortgage obligations (CMO), commercial mortgage-backed securities (CMBS), and asset-backed securities (ABS). For MBS and ABS, TIM analyzes the securities' structures and prepayment rates.
- Corporate bonds of issuers in the U.S. and foreign countries (including emerging markets), either US denominated or non-U.S. denominated;
- Convertible bonds and other convertible securities;
- Bank loans and loan participations;
- Structures notes;
- Preferred securities;
- Options and futures transactions, including interest rate futures;
- Foreign currency transactions and swap transactions, including forward FX contracts;
- Swap arrangements with dealer firms, including interest rate, credit default and total return swaps;
- Cash, cash equivalent securities or short-term debt securities, repurchase agreements and money market instruments;
- Securities Act Rule 144A securities and other securities that are not registered under the Securities Act of 1933 for those clients which are Qualified Institutional Buyers under Securities Act Rule 144A (U.S. denominated or non-U.S. denominated);
- repurchase agreements; bankers acceptances; and debt instruments issued or guaranteed by international organizations supported by multiple governmental entities, including those formed to promote economic reconstruction or development (such as the World Bank);

- Preferred or hybrid preferred securities, including dividends received deduction (DRD) and qualified dividend income (QDI) eligible issues, and certain bank Tier 1 issues;
- Convertible securities, including European Depositary Receipts (“EDRs”) and Eurodollar convertible securities (including Eurodollar convertible securities that are convertible into or exchangeable for foreign equity securities listed, or represented by American Depositary Receipts (“ADRs”) listed on the New York Stock Exchange or the American Stock Exchange or convertible into or exchangeable for publicly traded common stock of U.S. companies); and
- Structured notes issued by dealers or banks. This may include investments in synthetic convertible securities. These securities may include a combination of usable bonds and warrants (that expire on or after the bond’s maturity) that synthetically replicate convertible bonds.

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

#### **b. Principle Risks**

All investments in securities involves risk of loss of your principal (investment amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

Investments in certain fixed income securities may involve additional risks (in alphabetical order), including but not limited to the ones that are summarized below:

- **Active Trading.** Certain portfolios are actively managed and, under appropriate circumstances, may purchase and sell securities without regard to the length of time held. A high portfolio turnover rate may have

a negative impact on performance by increasing transaction costs and may generate greater tax liabilities for shareholders holding shares in taxable accounts.

- **Bank Obligations.** Investments in U.S. bank obligations are more susceptible to adverse events affecting the U.S. banking industry. Banks are sensitive to change in money market and general economic conditions, as well as decisions by regulators that can affect banks' profitability.
- **Convertible Securities.** The market value of convertible securities tends to decline as interest rates increase. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. The investor could lose money if the issuer of a convertible security is unable to meet its financial obligations or goes bankrupt.
- **Credit.** If an issuer or guarantor of a security or a counterparty to a financial contract defaults or is downgraded, or if the value of the assets underlying a security declines, the value of your investment will decline. Junk bonds have a higher risk of default and are considered speculative.
- **Currency.** When securities are denominated in foreign currencies, conversion costs may be incurred and may be affected favorably or unfavorably by changes in the rates of exchange between those currencies and the U.S. dollar. Currency exchange rates can be volatile and are affected by, among other factors, the general economics of a country, the actions of the U.S. and foreign governments or central banks, the imposition of currency controls and speculation.
- **Cash Management and Defensive Investing.** Money market instruments or short-term debt securities held for cash management or defensive investing purposes can fluctuate in value. Like other fixed income securities, they are subject to risk, including market, interest rate and credit risk. If cash is uninvested, no income will be earned on the cash, it will be subject to the credit risk of the depository institution holding the cash and the yield of the portfolio will go down. If a

significant amount of the assets are used for defensive investing purposes, it will be more difficult to achieve that objective.

- **Derivatives.** Using derivatives can increase losses and reduce opportunities for gains when market prices, interest rates or the derivative instruments themselves behave in a way not anticipated. Using derivatives also can have a leveraging effect and increase volatility. Derivatives may be difficult to sell, unwind or value, and the counterparty may default on its obligations. Investments in derivative instruments may involve a small investment relative to the amount of investment exposure assumed and may result in losses exceeding the amounts invested in those instruments.
- **Emerging Markets.** Investing in the securities of issuers located in or principally doing business in emerging markets are subject to foreign securities risks. The risks are greater for investments in emerging markets.
- **Fixed Income Securities.** The market prices of fixed-income securities may go up or down, sometimes rapidly or unpredictably due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates, lack of liquidity in the bond markets or adverse investor sentiment. When market prices fall, the value of your investment will go down. A rise in rates tends to have a greater impact on the prices of longer term or duration securities. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed income securities generally can be expected to decline.
- **Foreign Securities.** Foreign securities are subject to a number of additional risks, including nationalization or expropriation of assets, imposition of currency controls or restrictions, confiscatory taxation, political or financial instability and other adverse economic or political developments. Lack of information and less market regulation also may affect the value of these securities.

- **High-Yield Debt Securities.** High-yield debt securities, or junk bonds, are securities that are related below “investment grade” (that is, securities rated below Baa, BBB) or, if unrated, are considered to be of equivalent quality. Changes in interest rates, the market’s perception of the issuers and the creditworthiness of the issuers may significantly affect the value of these bonds. Junk bonds have a higher risk of default, tend to be less liquid and may be more difficult to value.
- **Interest Rate Risk.** Changes in interest rates can affect the value of investments in fixed income instruments. Increases in interest rates may cause the value of a clients investment to decline. Also, the portfolio may experience increased interest rate risk to the extent it invests in lower rated securities, debt securities with lower maturities, debt interest paying no interest (such as zero coupon securities) or debt securities paying non-cash interest in the form of other securities.
- **Liquidity.** Some securities held by a portfolio may be difficult to sell, or illiquid, particularly during times of market turmoil. Illiquid securities may also be difficult to value. If a portfolio is forced to sell an illiquid asset to meet redemption requests or other cash needs, the investor may be forced to sell at a loss.
- **Loans.** Loans are subject to the credit risk of nonpayment of principal or interest. Economic downturns or increases in interest rates may cause an increase in defaults, interest rate risk and liquidity risk. Loans may or may not be collateralized at the time of acquisition, and any collateral may be relatively illiquid or lose all or substantially all of its value subsequent to investment. In the event of bankruptcy of a borrower, a portfolio could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing a loan. The portfolio's investments in loans are also subject to prepayment or call risk.
- **Market.** The market prices of a portfolio's securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates or currency rates, lack of liquidity in the markets or adverse investor sentiment. Market prices of securities also may go down due to events or conditions that affect particular

sectors or issuers. When market prices fall, the value of an investment will go down. The recent financial crisis has caused a significant decline in the value and liquidity of many securities. In response to the financial crisis, the federal government has taken various steps to stimulate the economy, and the expiration or termination of these stimulus measures may negatively affect the value and liquidity of certain securities.

- **Mortgage-Related Securities.** Mortgage-related securities represent a participation interest in a pool of mortgage loans originated by governmental or private lenders such as banks. These securities are subject to special risks, including interest rate risk, credit risk, prepayment or call risk and extension risk. Certain mortgage-backed securities may be more volatile and less liquid than other traditional types of debt securities. Mortgage-related securities may have exposure to subprime mortgages, which are mortgages to borrowers with lower credit ratings that pose a higher risk of default. In response to the recent financial crisis, the Federal Reserve has attempted to keep mortgage rates low by buying mortgage-backed assets. When this support ends, the prices of mortgage-backed securities may fall.
- **Portfolio Selection.** An advisor's judgment about a particular security or issuer, or about the economy or a particular sector, region or market segment, or about an investment strategy, may prove to be incorrect.
- **Preferred Stock.** Preferred stock's right to dividends and liquidation proceeds is junior to the rights of a company's debt securities. The value of preferred stock may be subject to factors that affect fixed income and equity securities, including changes in interest rates and in a company's creditworthiness. Shareholders of preferred stock may suffer a loss of value if dividends are not paid and have limited voting rights.
- **Stocks.** Stocks may be volatile – their prices may go up and down dramatically over the shorter term. These price movements may result from factors affecting individual companies, industries, the securities market as a whole or the over-all economy.
- **Structured Instruments.** A portfolio may invest in various types of structured instruments, including securities that have demand, tender or

put features, or interest rate reset features. Structured instruments are a type of derivative instrument and the payment and credit qualities of these instruments derive from the assets embedded in the structure from which they are issued. Structured instruments may behave in ways not anticipated by the Advisor, or they may not receive tax, accounting or regulatory treatment anticipated by the Advisor.

- **Valuation.** The sales price an investor could receive for any particular portfolio investment may differ from the Advisor's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair value methodology.
- **Warrants and Rights.** Warrants and rights may be considered more speculative than certain other types of investments because they do not entitle a holder to the dividends or voting rights for the securities that may be purchased. They do not represent any rights in the assets of the issuing company, and cease to have value if not exercised prior to the expiration date.



## **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 TIM or the integrity of TIM's management. TIM has no information applicable to this Item.

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

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

### *Broker-Dealers*

AEGON USA indirectly owns five broker-dealer firms: (i) Clark Securities Inc. , (ii) Diversified Investors Securities Corp., (iii) Transamerica Financial Advisors, Inc., also a registered investment adviser pursuant to the Advisers Act, (iv) Transamerica Capital, Inc. ("TCI"), and (v) World Group Securities, Inc. In addition, TIM is indirectly under common control with AEGON Capital Management, Inc., which is registered as a Canadian Securities Dealer with the Ontario Securities Commission. TIM has numerous employees that are registered representatives of TCI.

TIM at this time does not utilize the services of any of the above firms for executing transactions on behalf of its clients.

### *Pooled Investment Vehicle*

Transamerica Asset Management, Inc. ("TAM"), also indirectly owned in part by AEGON USA, is a registered investment advisor and sponsor of several open-end management investment funds, including the Transamerica Funds and Transamerica Series Trust, both of which consist of several funds (the "Funds"), and Transamerica Income Shares, Inc., a closed end fund. TCI serves as the distributor for the Funds.

### *Other Investment Advisers*

TIM has investment sub-advisory agreements with investment advisor affiliates (i) AUIM, an SEC registered investment adviser (ii) AEGON Fund Management, Inc., and Aegon Capital Management Inc. corporations incorporated under the laws of Canada, as well as (iii) Investment Advisers International, also an SEC registered investment adviser, for management of sub-advised mandates for separate accounts, including those on behalf of the Transamerica Life Insurance Company.

As noted above, in January 2011, a decision was made to consolidate TIM's fixed income activities with those of its affiliate, AEGON USA Investment Management, LLC ("AUIM"), into a single investment platform. In addition, the decision was made to transition the

AEGON USA affiliated equity assets managed by TIM to third party asset managers in line with AEGON's asset management strategy in the U.S. These changes will occur during 2011.

#### *Insurance Companies*

As noted above, TIM provides investment advice pursuant to investment sub-advisory agreements with certain affiliated entities, some of which are insurance companies, including Transamerica Life Insurance Company, Transamerica Life International (Bermuda) Ltd. and Transamerica Life (Bermuda) Ltd. Each of these insurance companies are part of the AEGON family of companies and are affiliates of TIM.

#### *Conflicts of Interest*

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

## Item 11 – Code of Ethics

### Code of Ethics

TIM has adopted a Code of Ethics (the “Code”) describing its high standard of business conduct, and fiduciary duty to its clients. All TIM employees (“Employees”) must comply with the Code, which mandates various prohibitions and procedures, to minimize or avoid conflicts with transactions in client accounts. The Code includes provisions relating to the (i) confidentiality of client information, (ii) prohibitions on insider trading and rumor mongering, (iii) restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items; and (vi) personal securities trading procedures, among other things. The Code is designed so that the personal securities transactions, activities and interests of Employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing Employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt to personal securities transactions, based upon a determination that these transactions would not materially interfere with the best interest of the Company’s clients. In addition, the Code requires and restricts trading in close proximity to client trading activity. Nonetheless, in some circumstances, the Code permits Employees to invest in the same securities as clients, and therefore there is a possibility that employees might benefit from a client’s market activity in a security that is also held by an Employee. Employee personal trading is continuously monitored under the Code to prevent actual and potential conflicts of interest between the Company and its clients.

Pursuant to the Code, TIM’s Compliance Department (“Compliance”) monitors client securities transactions and personal securities transactions so that Employees are adhering to the requirements of the Code. To facilitate monitoring, Compliance utilizes a personal trade monitoring system for all Employees. The Code requires Employees to have their brokers send copies of all trade confirmations and statements to Compliance. Many brokers have a direct automated feed to the Company’s personal trade monitoring system that Compliance uses to monitor all Employee personal securities transactions.

In addition to the requirement that Employees initially acknowledge that they are subject to the Code, Employees also must provide their initial security holdings, pre-clear all personal securities transactions (with limited exceptions), report holdings for all reportable securities and certify their compliance with the Code on a quarterly basis. Compliance monitors these processes. Finally, all Employees must acknowledge and agree to the terms of the Code on an annual basis, or when the Code is materially amended.

Oversight authority of the Code rests with the Code of Ethics Committee (the "Ethics Committee"), except in certain circumstances when authority is delegated to the Chief Compliance Officer.

Clients and prospective clients may obtain a copy of the Code upon request to TIS at 11111 Santa Monica Blvd., Suite 820, Los Angeles, CA 90025 ATTN: Victoria Dickran.

**Participation or Interest in Client Transactions**

Clients of TIM may, from time to time, be offered limited partnership, limited liability company, trust or other investment products in which TIM or related persons have some financial interest. In addition, from time to time, employees of TIM and its affiliates may invest in affiliated funds managed by TIM or its affiliates. Such investments may at times represent a significant percentage of the affiliated funds' assets. It is a general policy that affiliated funds and/or proprietary accounts shall receive neither special advantages nor disadvantages. See also Item 10.

TIM does not have arrangements where it directly or indirectly compensates persons for client referrals.

## **Item 12 – Brokerage Practices**

### **A. General Considerations-Selecting Broker-Dealers**

When a client has given TIM brokerage discretion, there is no restriction on the brokerage firms TIM may select to execute the client's transactions. ("Discretionary Brokerage Accounts"). In selecting brokers and dealers and in negotiating commissions or mark-up/mark-down on agency transactions, TIM considers a number of factors, including but not limited to, execution capability; the nature of the security being traded; the size and type of the transaction; the nature of the markets for the security to be purchased or sold; the desired timing of the trade; the existing and expected market activity for the particular security; confidentiality; the quality of the execution, clearance and settlement services; and TIM's knowledge of the brokerage firm's financial stability, operational capabilities and brokerage and research services. In certain instances, TIM may also consider: (i) rebates of commissions by a broker to a fund or other managed account, or to a third party service provider of the fund or other managed account to pay fund or account expenses, other than for distribution, and (ii) research products or services provided. TIM may also consider using alternative trading systems (ATSS) or electronic communication networks (ECNs). See "Client Commission Arrangements" below. TIM has an internal procedure for executing trades in a manner consistent with its Best Execution Policy to brokers that it has identified as providing superior execution and brokerage and research services of a particular benefit to TIM's clients.

In recognition of the value of the foregoing factors, TIM may place portfolio transactions with a broker or dealer with whom it has negotiated a commission that is in excess of the commission another broker or dealer would have charged for effecting that transaction if TIM determines in good faith that such commission was reasonable in relation to the value of the brokerage and research provided by such broker or dealer viewed in terms of either that particular transaction or the overall responsibilities of TIM. As a result of various factors, a client may pay a higher commission than is available from another broker or dealer and consequently pay higher commissions than other clients of the same broker or dealer[.

### **B. Soft Dollar Research and Client Commission Arrangements**

TIM may be paid cash or receive an economic benefit (including commissions, equipment, or non-research services) from a brokerage firm in connection with giving advice to its clients. The broker-dealer is the non-client that is providing an economic benefit (via direct-dial lines, trading platforms or alternative/algorithmic networks, access to systems, info on trade flows etc.) to TIM. TIM may also provide

advice (models) under a UMA arrangement (that is not a broker-dealer but may be an RIA or bank) where TIM is provided with software or program access from the UMA in which TIM communicates the portfolio holdings, changes and weights.

Consistent with the policy of seeking best price and execution, and in accordance with Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"), TIM may consider the research and brokerage services and capabilities of various brokerage firms, including the reputation and standing of their analysis, their investment strategies, and the timeliness and accuracy of their statistical information and idea generation. TIM may cause a client account to pay a higher commission than otherwise available in return for brokerage and research services falling under Section 28(e), if TIM determines in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer viewed in terms of either that particular transaction or the overall responsibilities of TIM.

- 1. Research Services.** The research provided by such brokerage firms generally takes the form of research reports or advice as to the value of securities, the advisability of purchasing or selling specific securities and the availability of securities; or advice and information from the firm's analysts on specific companies, issuers, industry/sectors, general economic conditions, economic factors, markets and methods, legislative developments, experts, economists and government officials. This may also include informational meetings and interviews the brokerage firms arrange between TIM investment personnel and management personnel at companies that TIM invests or may invest in the future, or other research, reports, or analyses that reflect substantive content, but not including mass-market publications.
- 2. Brokerage Services.** The brokerage services may include on-line trading and order management software or systems that facilitate trade execution, pre- and post-trade analytics, order routing and/or algorithmic trading software, software to transmit orders to direct market access systems, and clearance and settlement services, among others services which TIM believes, constitute "brokerage services."
- 3. Mixed Use.** TIM may obtain research and brokerage services directly (proprietary research) or through the use of third-party research arrangements (non-proprietary). If TIM determines that any product or service provided by a broker or dealer has a mixed use, such that it (i) assists in the investment decision-making process or (ii) is incidental to effecting securities transactions

and (iii) serves other functions, TIM may allocate the costs of such services or product accordingly. The portion of the product or service that TIM determines is eligible "brokerage services" or "research" and provides lawful and appropriate assistance in the investment decision-making process may be paid for with commissions. The Soft Dollar Committee will make a good faith determination with respect to the portion of the services allocable to "research or brokerage services" using an appropriate methodology in its discretion.

TIM may receive a benefit from the research services and products that is not passed to the client in the form of a direct monetary benefit. Research services furnished or paid for by brokers through whom TIM may affect securities transactions for a particular account may be used by TIM in servicing any of the clients it advises, including fixed income accounts, and not all such services may be used by or for the benefit of the client who pays the brokerage commission. For example, TIM generally receives research and brokerage services only with respect to transactions effected for Discretionary Brokerage Accounts (and not with respect to directed brokerage transactions for Directed Brokerage Account and wrap fee brokerage arrangements). However, TIM uses the benefits of the research and brokerage services in providing advisory services to Discretionary Brokerage Accounts, Directed Brokerage Accounts and wrap fee brokerage arrangements. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

When TIM uses client brokerage commission to obtain research or other products or services, TIM receives a benefit because TIM does not have to produce or pay for such research, products or services. As a result, TIM may be incentivized to select or recommend a broker/dealer based in part on an interest in receiving the research or products and services, rather than based on a client's interest in best execution.

**C. Directed Brokerage Arrangements.**

**1. Client Directed Brokerage.** TIM's clients may direct TIM to use a particular brokerage firm ("Directed Broker") for some or all of the client's account transactions. These directions arise typically because the client has entered into a commission recapture arrangement with the brokerage firm, or the individual financial advisor or the financial advisor's broker-dealer firm provides or has provided advisory, custody or other services to the client (which services may have lead to a client referral to TIM). In addition, TIM may be required by the client to use a specific brokerage firm for client account transactions pursuant to



the terms of a wrap fee arrangement with the brokerage firm. These types of accounts will be referred to as "Directed Brokerage Accounts."

2. **Client Directed Brokerage-Commission Recapture Arrangements.** In the typical commission recapture arrangement, the client has negotiated with the broker the commission rate and the amount of the brokerage commission that the brokerage firm will utilize to offset hard-dollar costs that the client would otherwise pay. TIM does not generally have complete information regarding the terms of such arrangements and will not negotiate. The client (or financial advisor) is responsible for regularly monitoring the commission recapture arrangement and determining that the arrangement continues to be in the client's best interest.
3. **Adviser Directed Brokerage-Services provided by the financial advisor or the financial advisor's firm.** When a particular advisor or the advisor's firm provides services to the client and the client directs TIM to use that particular advisor or firm for securities transactions, the brokerage commission rates and related terms are negotiated between the client and the Directed Broker. This negotiation may take into account additional services offered by the broker in addition to trade execution. TIM does not generally have complete information regarding the terms of such arrangements, and the client is responsible for regularly monitoring the quantity, quality, and value of services provided, and determining that the arrangement continues to be in the client's best interest. TIM may be in a better position to negotiate transaction commissions if brokerage were not directed by a client than it is when the client directs its brokerage to a particular broker. Thus, the brokerage commission under a directed brokerage arrangement may be in excess of commissions which could otherwise be obtained from another brokerage firm and higher than other commissions that TIM clients may pay. A client who directs TIM to use a particular broker should consider whether commission expenses, execution, clearance and settlement charges, and custodial fees, if any, are comparable to those otherwise obtainable by TIM.

Brokers or dealers may from time to time refer clients to TIM and thus conflicts of interest may exist for TIM under directed brokerage arrangements when a client directs brokerage to a financial intermediary who also refers clients to TIM, or has distribution arrangements with TIM's affiliates. TIM will not make commitments to any broker to compensate that broker through brokerage transactions, or an increase in brokerage transactions, for client referrals. However, a potential conflict of interest may arise between the directed

brokerage client's interest in obtaining best price and execution and TIM's interest in receiving future referrals. Under such circumstances, such clients should be aware of their various brokerage options, including utilizing the services of the referring broker, choosing another broker, or utilizing a firm recommended by TIM to provide custody and execution services.

In Directed Brokerage Accounts, TIM is generally unable to aggregate the client's transactions with other transactions in the same security and thereby obtain a volume discount on commissions. As a result, the client may pay a higher commission, receive smaller commission discounts or receive a less favorable price for a security than if TIM had discretion to choose the broker or aggregate trades with other clients. When possible, TIM will block (*i.e.*, aggregate) the trades of clients who utilize the same Directed Broker. However, TIM may not be able to negotiate volume commission discounts in such situations. Clients who participate in such block trades are charged different commission rates and may pay or receive different prices for a security. Portions of the commission or the markup or markdown on the transaction may be allocated by the Directed Broker to various referring individual brokers associated with the Directed Broker. Therefore, a client who uses a Directed Broker, may forgo best execution or the Directed Broker may pay a higher commission than other clients participating in the block and should consider whether such direction results in certain costs or disadvantages to the client. In some cases, TIM and the client may agree to limit the percentage of account transactions subject to directed brokerage arrangements.

#### **D. Step-Out Transactions**

A step out trade is one in which TIM places the order for a transaction for one or more client accounts with a broker (the "Step-Out Broker") other than the clients Directed Broker or managed account program sponsor. TIM typically only uses step-out trades for a large block order of illiquid securities. In certain cases, the Step-Out Broker executes the trade for the Directed Brokerage Accounts or managed accounts that permit step-out transactions without any commission in order to obtain the order flow.

TIM may also consider using alternative trading systems (ATSS) or electronic communication networks (ECNs) in step-out transactions, as mentioned above.

In addition, if a Step-Out Broker has Wrap Fee Accounts managed by TIM, the Step-Out Broker may prohibit TIM from allocating any transactions executed by the Step-Out Broker to that Step-Out Broker's wrap fee managed account program accounts.

In this situation, TIM typically places orders for the Step-Out Broker's wrap fee accounts with a different trading desk (the plan sponsor or directed broker) after completing the step-out transaction. Thus, these accounts may not receive as favorable a price as accounts that participate in the step-out transaction. The performance of client accounts that are unable to participate in a step-out transaction may differ from the performance of accounts that may participate in step-out transactions.

**E. Wrap Fee Brokerage Arrangements**

Some clients enter into agreements with a specific financial service firm whereby the client pays to the financial service firm a single fee. Wrap fee arrangement fees generally include, but are not limited to, brokerage commissions executed with the Wrap Fee Program Sponsor or its broker affiliate, portfolio monitoring, custodial services and investment management fees. To the extent that TIM effects a transaction with a Wrap Fee Program Sponsor or affiliated broker-dealer with which the client has a Wrap Fee Account, the client does not pay commissions on equity transactions with such firm and a portion of the single fee is considered to be in lieu of brokerage commissions. In connection with such arrangements, TIM will generally use the specified brokerage firm of the Wrap Fee Program Sponsor, although it is permitted to trade away/step out from the firm. (Please see "Step-Outs Transactions" above). While it has been the experience of TIM's staff that the brokerage firms to which TIM sends transactions for execution under such wrap arrangements generally can offer reasonably competitive prices for transactions or will permit certain step-out transactions as described below, no assurance can be given that such will continue to be the case in the future. Accordingly, clients who open a Wrap Fee Account may wish to satisfy themselves that the Wrap Fee Program Sponsor can provide the best price and execution for most or all transactions and evaluate whether the particular arrangement is suitable in light of such factors as the level of the bundled fee, the package of services provided, the amount of portfolio activity in the account, and the value of custodial and portfolio monitoring services. Wrap fees may be higher or lower than the total cost of such services if provided and paid for separately.

**F. Aggregation and Allocation of Transactions** TIM may aggregate purchases and sales of securities, depending on the circumstances. TIM generally seeks to combine orders for multiple client accounts so as to limit the market impact of its orders, to facilitate price improvement on trading larger blocks of securities and to minimize dispersion across all client accounts.

TIM typically aggregates the transactions of most client accounts for which the transaction is appropriate, such as similar investment strategies involving the same securities as opposed to transactions resulting from cash flows, tax considerations or terminations of an account. Typically, TIM then blocks the aggregated orders for execution and executes the Directed Brokerage Account orders separately for accounts with Directed Brokers that do not permit a step-out transaction, in accordance with a trade sequencing and allocation tool for order execution. Usually, TIM requests each Step-Out Broker to average price all of that broker's executions during a day so that each participating account in the transaction with that broker obtains the same price. Accounts in an aggregated transaction pay the same commission per share unless the client has directed its brokerage to a particular broker at a specified rate. In those situations, clients pay different commissions.

If TIM is unable to fill an aggregated transaction completely, TIM generally allocates the partially filled orders according to TIM's trade sequencing and allocation policy among accounts for which such a transaction is appropriate. TIM's allocation policy seeks fair and equitable treatment of all clients' accounts over time through a systematic process of trade allocation. No preference is given to portfolio size, broker affiliation, tenure of client, or type of investment management fee.

TIM has adopted allocation procedures reasonably designed to be fair and equitable over time. While the procedures may differ among different strategies, client types or other factors, orders are usually allocated pro rata or randomly allocated by the order management system.

TIM may purchase securities in an initial public offering ("IPO") for applicable client accounts based on a number of factors, including, but not limited to the nature, size and expected allocation to TIM of the IPO as well as each account's investment objectives and restrictions.

TIM's participation in IPOs is a research-driven process, assessed by an individual portfolio manager, and based on the suitability of the asset within the context of one or more portfolio strategies. It is TIM's policy that its portfolio managers indicate to the trading desk an exact share amount, or a desired percent to be held within a particular strategy, representing all eligible accounts within such strategy.

Once the trading desk receives confirmation as to how many shares of an IPO TIM has been allocated by the syndicate, typically those shares are allocated on a pro-rata basis across all of the participating accounts in all strategies. If pro-rata allocations are not possible, the shares will be allocated in accordance with the trade allocation policy. Occasionally, portfolio managers may indicate prior to the

IPO allocation that they will not participate in the allocation if a pre-specified minimum share amount is not received. If the minimum shares are not received, the order will generally be allocated pro rata to any other strategy accounts that participated. With respect to strategies that do invest in IPOs, TIM generally does not allocate such securities to Managed Accounts subject to direct brokerage arrangements, as well as other accounts for which the security would not be appropriate, based on client guidelines.. In most cases, accounts that do not participate in the IPO's will buy the security in the open market the following business day.

**G. Principal Trading, Agency and Internal Cross Transactions**

It is TIM's policy not to affect any principal or agency cross transactions for client accounts. TIM also does not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as 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. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

**H. Trade Error Correction**

TIM has a Guideline Violation Team for determining the appropriate action for rectifying a trade error. Trade errors must be corrected as soon after discovery as reasonably practical, consistent with the orderly sale or purchase of the securities in question, with a goal of resolution of errors in 48 hours or less from the error transaction or discovery of the error.

A trade error resulting in a loss to the client must be reimbursed promptly to the client's account through a check to the custodial bank. If the client (or their financial adviser or consultant on their behalf) designates, the monies due the client can be paid as a credit toward investment management fees due to the Company. Trade errors resulting in a gain remain with the client unless the client expressly authorizes otherwise.

After the trade error has been corrected, the discoverer of the error or responsible party, as applicable, completes a Trade Error Report Form, which serves to provide an analysis and documentation to identify potential trade error patterns and to assist with the implementation of any applicable procedures that may reduce and prevent similar errors in the future.

Where more than one trade error has been made affecting client accounts, the netting of gains and losses between clients or, in the case of multiple unrelated trade errors resulting from more than one investment decision for the same client, is prohibited. Netting of gains and losses is permitted only when more than one transaction must be effected to correct one or more trade errors made as a result of a single investment decision or as a result of a series of trades made in error for the client (i.e. for tax-selling errors or similar circumstances).

A trade error in one client's account may be corrected through a reallocation (i.e., a pre-settlement adjustment to the amounts of securities allocated to various accounts) or a transfer (i.e., a post-settlement adjustment involving a purchase or sale between accounts) of securities to another client's account only when expressly approved by TIM's compliance group in certain circumstances.

Compensating interest will be paid to the client if the reimbursement for the loss exceeds 30 days from the date the trade error was discovered or the date the trade error was reported. The Fed Funds Target Rate and actual/365 will be used for the calculation.

### **Item 13 – Review of Accounts**

All institutional and private client portfolios are monitored on a daily basis through the compliance modules that provide daily warnings and alerts regarding investment restrictions and/or investment guidelines. Each client account is assigned to a portfolio manager based on the objective and strategy of the client. The number of portfolios assigned to a portfolio manager varies based on the value and type of assets within the portfolios. Account objectives, investment outlook, portfolio holdings and transactions may be reviewed with the client periodically. TIM utilizes Charles River Development's order management system for equities and Blackrock's Aladdin compliance module system, analytics and compliance module for fixed income. The majority of the wrap accounts are administrated through a third party, which provides a review of transactions and accounts on a daily basis and would contact the portfolio manager and/or trading if there was a warning regarding investment restrictions and/or investment guidelines.

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

In wrap fee program arrangements, TIM receives investment management fees from the Wrap Fee Program Sponsor for advisory services rendered by TIM to wrap fee clients. To the extent that the Wrap Fee Program Sponsor is not considered a client, TIM could be said to receive an economic benefit, in the form of investment management fees, from a non-client in connection with advice given to wrap fee clients. TIM may receive various data services, including file download and on-line services, free of charge from banks and brokerage firms that act as custodians of client assets.

From time to time, TIM may also pay non-cash compensation to brokers and other financial intermediaries and their sales representatives in the form of occasional gifts, occasional meals, tickets or other entertainment and/or sponsorship support for events (*see* Item 11 for a description of our Code of Ethics and gift and entertainment rules).

TIM may pay a referral fee to third parties for solicitation of clients, subject to the terms and conditions of Rule 206(4)-3 under the Advisers Act. Furthermore, in some circumstances, a solicitor may refer clients, to TIM who have accounts which do not meet the minimum account size for a particular strategy. These accounts may potentially pay a higher fee than other similarly situated accounts that were not obtained via solicitation arrangements and would also be subject to the requirements of Rule 206(4)-3 of the Advisers Act.

In addition, TIM (or an affiliate on its behalf) may make payments to firms or persons that offer or include TIM products or services in a particular managed account program or other retail account businesses or programs, which may include (i) incorporating TIM or its products in a preferred list; or (ii) referring clients to TIM or its products. These payments may take the form of a conference, program or event attendance; participation or exhibition fees; educational and training fees; or fees linked to program participation or specific marketing initiatives within an existing or new managed account program. TIM (or an affiliate on its behalf) may pay a flat fee for participation at events. TIM (or an affiliate on its behalf) may also make charitable contributions or underwrite or sponsor charitable events at the request of clients or others. Payments described above may vary significantly from firm to firm, depending on (i) the nature of TIM's and its affiliates' or broker-dealer's managed account program or other retail account activities with the firm and (ii) the amount of the firm's client assets under TIM's and its affiliates' management. Excluding charitable contributions and events, and routine business travel, meals and entertainment, such payments may range from \$500 to \$25,000 per year (in aggregate) for Managed Account Program Sponsor firms or other retail account platform relationships. All such



payments are in accordance with the firm's ethics Code and subject to internal review and approval procedures.

TIM may compensate employees for soliciting new advisory clients for TIM. This compensation, which includes cash payments, is paid pursuant to written agreements with employees. Such written agreements may provide for the employee to continue to receive compensation from TIM pursuant to the solicitation after the employee's employment agreement with TIM has been terminated. TIM may also enter into arrangements with certain affiliated broker-dealers where the employees of TIM act as independent contractors with respect to the affiliated broker-dealers and may be compensated for distribution of certain mutual fund products offered by IA Affiliates.

## **Item 15 – Custody**

According to the Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), TIM is neither deemed to have custody nor has custody of client assets. However, if in the future TIM does become a custodian for client assets, TIM will adhere to the requirements of the Custody Rule as outlined in TIM’s Custody Policy and the Custody Procedures. Thus, clients would receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client’s investment assets. TIM would urge its clients to carefully review such statements and compare such official custodial records to the account statements that TIM may provide to you on a separate basis. TIM’s statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

TIM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Such authority is typically granted in an investment management agreement with each client. In all cases; however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, TIM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, TIM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to TIM in writing.

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

TIM votes proxies on behalf of its clients when authorized to do so. In general, clients delegate the responsibility of voting proxies to TIM. However, clients may reserve the authority to vote proxies for themselves. When voting proxies for its clients, TIM's utmost concern is that all decisions be made solely in the best interest of the clients. TIM has established guidelines by which it votes proxies. The policy is intended to provide guidance so that TIM acts in a manner it deems to be prudent and diligent and which is intended to enhance the economic value of the clients' assets. TIM may engage the services of specialists, such as MSCI, Inc. (formerly known as RiskMetrics Group) to provide recommendations to help in evaluating proxy issues and to aid in the administrative aspects of voting and record keeping. In most cases, TIM follows the recommendations of such specialists. Records of TIM's voting decisions are maintained in accordance with the Advisers Act. A client may request a copy of TIM's votes on behalf of their account(s) upon written request to TIM. Clients may obtain a copy of TIM's complete proxy voting policies and procedures upon request to TIS at 11111 Santa Monica Blvd., Suite 820, Los Angeles, CA 90025 ATTN: Compliance Department.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about TIM's financial condition. TIM 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.

## **Privacy and Information Security Policy**

### **I. Introduction and Purpose of Policy**

Transamerica Investment Management, LLC and Transamerica Investment Services, LLC (“the Company”) are committed to meeting the investment needs of clients. In providing investment services, the Company obtains from clients certain confidential and Nonpublic Personal Information (“NPI”) which must be safeguarded consistent with both the Company’s commitment to protecting the privacy of clients and in compliance with the requirements of applicable laws, rules and regulations, including the Gramm-Leach-Bliley Act, Regulation S-P and Regulation S-AM thereunder. These safeguards include physical, electronic and procedural controls to protect against the unauthorized disclosure of NPI for prospective and existing clients as well as personal and related information of its former clients. The Privacy and Information Security Policy (“the Policy”) is intended to help maintain the confidentiality of consumers’ NPI, protect against threats and hazards to the security and integrity of such information, and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to a consumer or client. The Policy also is intended to help protect against unauthorized access to or use of Consumer Report Information in connection with the disposal of such information. While this policy specifically addresses consumer information and privacy of clients, compliance with the provisions herein should be considered best practice with respect to any confidential or sensitive information maintained by the Company.

### **II. Statement of Policy, Risk Assessment, and Periodic Reviews**

The Company will not distribute, share or sell any nonpublic personal or financial information of its clients or prospective clients to any unaffiliated third party except as permitted by law, to the extent appropriate to facilitate account management and servicing by client service providers, or as necessary to prevent fraud or unauthorized transactions. The Company has undertaken an initial review to identify potential risks to NPI, assessing the likelihood and potential damage that could be caused by the occurrence of these risks and evaluating the adequacy of policies, procedures and controls to mitigate these risks. This Policy and its implementation are established in order to set forth a Privacy program (“Program”) which will address the risks; provide for periodic review of the Program pursuant to changes in legal requirements, regulations or material changes in the Company’s operations; and facilitate the recommendation of appropriate changes to the Program based upon such assessments or periodic review.

### **III. Information Collected**

To effectively establish and manage a client’s account, the Company will collect certain information including, but not limited to, the following:

- Information received from account applications, agreements and other related documents;

- Information received from publicly available records, including disclosure documents;
- Information received from client questionnaires or other documents received from broker-dealers, consultants or financial advisers and others acting on behalf of the client; and
- Information received from processing trades, including trade tickets and account statements.

Each employee, consultant or temporary staff member of the Company is responsible for complying with the Policy restricting the use and disclosure of NPI and, in particular, no such person may use or disclose such information except as is necessary to perform his or her job responsibilities.

All employees or persons associated with the Company must report any breaches or suspected breaches in this Policy to the Compliance Department.

#### **IV. Privacy Notice to Clients**

Since the Company endeavors to strictly limit disclosure of and safeguard the use and transfer of NPI, the Company will provide a simplified Privacy Notice that includes general information about the Company's Privacy Policy and safeguarding of confidential information. The Company will provide all institutional and private clients with an initial Privacy Notice upon or immediately after acceptance of their account and annually thereafter, via email or standard mail through Client Services, likewise, the Privacy Notice is provided to Separately Managed Account (SMA) program sponsors and individual financial advisers of financial intermediary firms in order to be provided to TIM program clients per regulatory requirements. The Privacy Notice may also be provided upon request.

#### **V. Vendor Due Diligence and Agreements**

From time to time, the Company may engage third-party service providers to provide certain services during which the service provider will receive, maintain process or otherwise access NPI. The Company will ensure before selecting any Vendor that the firm has appropriate privacy policies and procedures in place.

#### **VI. Information Security and Disposal Controls**

The Information Technology Department shall maintain adequate controls with regard to unique user IDs; password access to systems, networking devices and applications; and, wherever possible, shall effect safeguarding requirements that reduce risks of inappropriate access to consumer NPI.

The Company will dispose of all NPI in a manner reasonably designed to protect the confidentiality of this information. This includes both hard copy and electronically stored

information possessed by the Company. The Company will implement and monitor policies and procedures accordingly.

## **VII. Compliance Oversight**

The Compliance Department or designee will provide for the education and training of employees, consultants and temporary staff regarding their obligations with respect to client confidentiality and safeguarding of NPI, during either new employee training or the Company's Annual Compliance Training.

## **VIII Annual Privacy Notice**

### **NOTICE OF PRIVACY POLICY INFORMATION ONLY – NO RESPONSE NECESSARY**

This disclosure applies to accounts who have a relationship with one or more of the companies listed below:

Transamerica Investment Services, LLC.  
Transamerica Investment Management, LLC

### **Your privacy is Important to Us**

Protecting your privacy is very important to us. We want you to understand what information we collect and how we use it. We collect and use nonpublic personal information in order to provide our customers with a broad range of financial products and services. We treat your information with the utmost respect and in accordance with our Privacy Policy.

### **What Information We Collect and From Whom We Collect It**

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates, or others; and
- Information we receive from non-affiliated third parties, including consumer reporting agencies and insurance support organizations.

Nonpublic personal information is nonpublic information about you that we obtain in connection with providing a financial product or service to you. In some states, personal information may also include your name, address and medical record information but not privileged information. This information may be collected in person, by mail, fax, or by other electronic means as permitted by law or as expressly authorized by you.

### **What Information We Disclose and To Whom We Disclose It**

Depending upon the product or service offered, we may disclose nonpublic personal information we collect to:

- Persons or companies affiliated or non-affiliated (Our affiliates are companies with which we share common ownership) that perform services on our behalf.
- Other financial institutions with which we have joint marketing agreements as permitted by law. In Vermont this includes only your name, contact information, policy coverage and information about your transactions with us or our affiliates.
- A medical professional for the purpose of disclosing a medical problem of which you may not be aware.
- Other insurance support organizations for use in connection with an insurance transaction or to prevent fraud.
- An insurance regulatory authority.
- A law enforcement or other governmental authority to prevent or prosecute fraud or other unlawful activities.



- Organizations conducting actuarial research studies.
- If applicable, a group policyholder for reporting claims experience or conducting an audit.

Our policy is to require that all employees and companies providing services on our behalf keep client information confidential. .

### **Safeguarding Personal Information**

We have adopted policies and procedures designed to protect your personal information from unauthorized use or disclosure.

We have implemented physical, electronic and procedural safeguards to maintain the confidentiality and integrity of the personal information in our possession and to guard against unauthorized access. These include, among other things, procedures for controlling access to customer files, building security programs and information technology securities measures such as the use of passwords, encryption and firewalls, plus virus and use detection software.

Our policy is to restrict access to nonpublic personal information (NPI) about you to those employees with a legitimate business need for using the information.

### **Your Right to Verify Accuracy of Information We Collect**

Keeping your information accurate and up to date is very important to us. In some states, you may have the right to write to us in order to request that you have reasonable access to your nonpublic personal information (this includes a record of any subsequent disclosures of medical record information). You may not access information relating to or in anticipation of a claim or a criminal or civil proceeding. If you believe the information we collected about you is inaccurate, you may request that we amend, correct or delete it. We will notify you of our decision, give you our reasons and the opportunity to file a concise statement of dispute with us if you do not agree. Your statement will be made a part of our file and sent to persons or organizations that received your information in the past and in the future as required by law.

### **Opt-out Procedure**

If you prefer that we do not disclose information about you among our affiliates, please follow the instructions below.

Your opt out request should be sent in writing to the following:

Transamerica Investment Services, LLC  
ATTN: Compliance Department – Opt Out Notification  
11111 Santa Monica Blvd. – Suite 820  
Los Angeles, CA 90025

Revision Date: September 14, 2009